



Helping People, Building Communities,
and Increasing Volunteerism and Civic
Responsibility in America

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

**Corporation for National and
Community Service**

Performance and Accountability Report
Fiscal Year 2004

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Comments and Questions

Thank you for your interest in the Corporation for National and Community Service's FY 2004 Performance and Accountability Report. We are interested in your feedback regarding the content of this report. Please feel free to email your comments and questions to Tyndall Traversa (TTraversa@cns.gov) or Jason Smith (JSmith@cns.gov) or write to:

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Online and Ordering Information

The Corporation's FY 2004 Performance and Accountability Report is available on the internet at:

<http://www.nationalservice.org/pdf/about/reports/par2004.pdf>

Additional copies may be ordered by contacting Tyndall Traversa (TTraversa@cns.gov) or Jason Smith (JSmith@cns.gov).

More Information About the Corporation

To learn more about the Corporation or any of its programs, visit www.nationalservice.org or call 202-606-5000 or TTY 202-565-2799.

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Our Mission

The mission of the Corporation for National and Community Service is to provide opportunities for Americans of all ages and backgrounds to engage in service that addresses the nation's educational, public safety, environmental, and other human needs to achieve direct and demonstrable results and to encourage all Americans to engage in such service. In doing so, the Corporation will foster civic responsibility, strengthen the ties that bind us together as a nation, and provide educational opportunity for those who make a substantial commitment to service.

Preface

Purpose of the Report

The Corporation for National and Community Service's FY 2004 Performance and Accountability Report provides performance and financial information that enables the Congress, President, and public to assess the performance of the Corporation relative to its mission and stewardship of the resources entrusted to it. This document meets reporting requirements under a number of acts, including the Government Performance and Results Act, the Federal Financial Management Improvement Act, and the Federal Managers' Financial Integrity Act, the Government Corporation Control Act, the Improper Payments Act and the Federal Information Security Management Act. In addition, this document is structured to meet the recommendations of the Association of Government Accountants' Certificate of Excellence in Accountability Reporting program, as well as all applicable Office of Management and Budget guidance.

How the Report is Organized

Management's Discussion and Analysis

The Management Discussion and Analysis (MD&A) is an overview of the entire Performance and Accountability Report. It includes:

- A message from the Chief Executive Officer (CEO);
- An organizational overview;
- A summary of the most important mission performance results and challenges for FY 2004;
- A discussion of the demographic, social and economic trends affecting the Corporation;
- A summary of the most important management performance results and challenges for FY 2004, including information on the agency's progress in implementing the President's Management Agenda;
- A brief analysis of financial performance;
- A brief description of systems, controls, and legal compliance; and
- A discussion of audit results.

The CEO's message includes an assessment of whether performance and financial data in the Report is reliable and complete, and a statement of assurance as required by the Federal Managers' Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act, indicating whether management controls are in place and financial systems conform with government-wide standards.

The MD&A is supported and supplemented by detailed information contained in the Performance Section, Financial Section and Appendices.

Program Performance

This section contains the annual program performance information required by the Government Performance and Results Act of 1993 (GPRA) and includes all of the required elements of an annual program performance report as specified in OMB Circular A-11, Preparing, Submitting and Executing the Budget. The results are presented in two sections: the first focuses on the Corporation's five core programs, while the second highlights other Corporation activities. Each chapter is organized around the Corporation's goals and strategies.

Financial Management

This section contains the Corporation's financial statements, related Independent Auditor's Report, and assessment of management challenges, as well as the agency's response to the auditor's findings and recommendations.

Appendices

This section contains supplementary information on the Corporation's performance results including information on the sources and reliability of the Corporation's performance data, other agency-specific statutorily required reports on the National Service Trust, and donations and contributions.

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A group of approximately 15 volunteers, including men and women of various ages, are standing behind a large wooden frame structure, likely for a roof or deck. They are wearing blue t-shirts with the Habitat for Humanity logo. In the background, a banner reads "Congress Building America" and "HABITAT FOR HUMANITY". The scene is outdoors, with trees and a building visible in the distance.

Management's Discussion and Analysis



President George W. Bush talks with AmeriCorps*NCCC members after working with them to remove invasive plants at a Florida reserve. *White House photo by Eric Draper.*
April 23, 2004

Message from the Chief Executive Officer



November 2004

FY 2004 was a “turnaround year” for the Corporation for National and Community Service. The agency made great progress on the programmatic, strategic, and administrative/management fronts, as detailed herein. We also made significant progress in addressing the three organizational goals I articulated when I took over as Chief Executive

Officer in December of 2003— rebuilding trust, managing to accountability, and focusing on our various “customers.”

Change is never easy, especially for a complex organization. However, because of the extraordinary progress made by the agency, it gives me great pleasure to present to Congress the Corporation’s FY 2004 Performance and Accountability Report. This report describes the accomplishments, challenges, plans, and financial condition of the Corporation and its three main programs— AmeriCorps, Learn and Serve America, and Senior Corps— as we go about achieving our mission of helping people, building communities, and increasing volunteerism and civic responsibility in America.

As I have detailed in testimony before Congress and elsewhere, the Corporation has moved steadily and surely over the past 12 months to establish financially and managerially sound systems and processes. For example, in FY 2004 we:

- Put in place new procedures that fix the problems that we had experienced in the past with the National Service Trust;
- Strengthened our grants management, oversight, and monitoring functions including reforming the grant-making process, improving the quality of peer reviewers, and implementing improvements to eGrants, our online grant application system;
- Instituted a new budget development approach in which each department uses a logic model that ties budgeting to goals and performance;
- Upgraded technological systems to ensure more accurate and timely reporting of data;
- Developed new administrative standards for our state service commissions, and implemented improved compliance monitoring protocols;

- Developed a comprehensive strategic human capital plan; and
- Ended the predominant use of term appointments, expanded employee training, and implemented a performance-based appraisal system.

All of these changes were instituted to allow the Corporation and its programs to operate more efficiently, effectively, and accountably—which, I am pleased to report, has been confirmed by a number of independent assessments. The review of our financial systems, as required by the Federal Financial Management Improvement Act, found that the Corporation's systems fully conform to governmental financial system requirements. The evaluation of our management controls, as required by the Federal Managers' Financial Integrity Act, found the agency's overall control system to be in compliance with the Act, except for a single deficiency noted by our Office of the Inspector General regarding the documentation and follow-up conducted of systems security testing and evaluation. We will complete new Certification and Accreditation reports for all our major systems by January 31, 2005 that will fully address this documentation deficiency. In separate reports, the Government Accountability Office and the Inspector General each found that the Corporation had implemented sound business practices, including strict control over AmeriCorps member enrollment certification procedures that will ensure the Corporation's obligations remain within its appropriated limits. And, for the fifth straight year, the Corporation received an unqualified audit of our financial statements. These accomplishments demonstrate our continued commitment to sound financial practices and reliable financial information to support decision-making.

On the programmatic side, thanks to Congressional funding at record levels and great support from the President, the Corporation was able to reach significant milestones. For example, in FY 2004 we awarded grants to support some 540,000 volunteers through the Senior Corps program, 1.1 million Learn and Serve America students, and a record 75,000 AmeriCorps positions—the largest class ever. Together the Corporation's programs helped to provide over 200 million hours of service and achieved demonstrable results in meeting critical community needs in education, the environment, public safety, care for elderly, homeland security, and other areas—including a massive response by participants in all three national service programs to the hurricanes that devastated areas of Florida and the South this past September. And, AmeriCorps*State and National program members recruited and trained more than 525,000 community volunteers throughout the country—an important aspect to our goal of building a stronger culture of service and civic engage-

ment in America.

The performance and financial data presented in this report are reliable and represent the strongest accountability measures that the Corporation has ever generated. Still, we recognize that we have more work to do in order to provide the full range of performance outcome reporting necessary to support more effective decision-making. The Corporation is continuing to accelerate improvements in the scope of its performance data, particularly with regard to the cost effectiveness of our programs in meeting human needs.

And we continue to press for other changes and improvements through a variety of strategic initiatives designed to support and further advance the efficiency, effectiveness, and accountability of the agency's operations. For example:

- The Board of Directors in FY 2004 began to outline a draft five-year strategic plan, much of which conforms to an Executive Order on National and Community Service that President Bush issued in February 2004. This plan will be issued in FY 2005 and will be designed to guide the Corporation's activities for years to come;
- The Corporation has engaged the accounting firm Deloitte to perform a business process review of the agency's core operations. Results will be used to further enhance the reforms now under way;
- The National Academy of Public Administration is conducting a thorough review of the agency's organization and management and their recommendations will be incorporated into the agency's plans in FY 2005;
- The Corporation developed and is implementing a strategic human capital plan that promotes alignment of staff with the Corporation's mission and goals;
- At the behest of our Board of Directors, the Corporation is creating a set of management metrics designed to measure whether Corporation operations are performing to target;
- In FY 2004, we embarked on a six-month rulemaking process for the AmeriCorps program in which we sought to strengthen the program by finding ways to better leverage Federal resources, while making our programs more predictable and reliable for our grantees. The final rule is expected to be released in FY 2005; and
- The Corporation is upgrading its technological systems, including developing new designs for the Corporation's core online operational systems, eGrants and WBRS (Web-Based Reporting System), through which grants are administered and grantees

report required information to the Corporation.

In short, the Corporation has made tremendous progress over the past year. The achievements of our extraordinarily talented and dedicated staff are all the more remarkable because our operational resources have been shrinking, while the demands and pressure on staff to do more, and to have their work held to higher standards, have been increasing. In FY 2005 and beyond, we look forward to fully implementing our management reforms, improving our financial systems, and making our programs even more effective and accountable. In so doing, we will meet the challenges of the future and become the kind of well-managed, effective agency that the nation deserves.



David Eisner
Chief Executive Officer

National Service Responds to Florida Hurricanes

After Florida suffered one of the worst hurricane seasons in its history this summer, national and community service programs were quick on the scene to give Floridians needed assistance.

More than 700 AmeriCorps, Senior Corps and Learn and Serve America volunteers were deployed to provide both direct services and to leverage the support of thousands of additional volunteers. Floridians were grateful for the help. As one recipient of assistance from AmeriCorps members commented, "This is like a prayer answered. I'm tickled pink. It's a godsend."

Volunteer Florida, the state commission on service and volunteering, was the lead agency designated by Governor Jeb Bush to coordinate the activities of volunteers and donations during the hurricane response. On September 9, Corporation CEO David Eisner met with Governor Bush at the emergency operations center in Tallahassee and announced two Special Volunteer Grants totaling \$1.5 million to help the state mobilize volunteers in response to future emergencies and disasters.

Teams of AmeriCorps*NCCC members from all five campuses (Denver, Washington D.C., Sacramento, Perry Point, Md., and Charleston, S.C.) were deployed to Florida to serve with the Christian Contractors Association and the Army Corps of Engineers. The members covered about 1,500 roofs with plastic sheeting to protect the interior of homes from the weather until permanent repairs could be made. Other AmeriCorps programs, including the St. Louis Safety Corps and the Washington Conservation Corps, also participated in the project. With financial assistance from the General Mills Foundation, 15 AmeriCorps*VISTA members from Minnesota also traveled to Florida to help cover roofs. Most recently, three teams from the AmeriCorps*Tribal



Civilian Community Corps based in Alaska, California, and Arizona traveled to Florida to help remove debris and secure roofs.

RSVP volunteers staffed the Emergency Information Hotline in Orlando and worked at the city's Emergency Operations Center and with the Red Cross to set up a volunteer reception center. The volunteers staffing the Emergency Operations Center in Sanford stayed throughout the day and night to handle citizen calls and to help special needs residents who did not evacuate during the storms.

ManaTEENs, a service-learning program based in Manatee County, fielded 3,322 members who devoted more than 50,000 hours to disaster relief efforts. The ManaTEENs covered the roofs of 1,444 homes; delivered 1,415 emergency meal and flashlight kits to "at risk" residents prior to hurricane season; ran the state's only pet-friendly shelter; and, managed the Volunteer Reception Center for unaffiliated volunteers in DeSoto County where they registered, deployed, and tracked the efforts of more than 8,000 volunteers.

The Corporation's efforts were supported by The Home Depot, which provided a \$500,000 donation to the Corporation to assist with revitalization efforts. The Corporation's response in Florida continues a long history of engaging volunteers in public safety, public health, and disaster relief. For the past decade, AmeriCorps members and Senior Corps volunteers have worked closely with the FEMA and the American Red Cross to respond to nearly every federally-declared disaster.

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Corporation for National Community Service

Overview

The Corporation for National and Community Service (Corporation) is a key part of the effort to create in America a new culture of citizenship, service, and responsibility. Especially since the terrorist attacks of September 11, 2001, Americans have been looking for meaningful and effective ways to give back to the nation. Through its AmeriCorps, Learn and Serve America, Senior Corps programs, the Corporation provides opportunities for Americans of all ages and backgrounds to express their patriotism while addressing critical community needs.

The members and volunteers who serve in Corporation programs provide valuable assistance to local charities, schools, government agencies, and faith-based organizations. In addition to offering direct services, such as tutoring at-risk youth, building homes for low-income people, responding to natural disasters, and caring for homebound seniors, Corporation members and volunteers promote outreach programs to attract more volunteers and help build capacities of local organizations.

Service through Corporation programs strengthens communities by increasing civic engagement, breaking down barriers, and creating new social ties. And, it gives added purpose and meaning to the lives of those who serve while also helping to open the doors of educational and career opportunity.

Corporation Programs

The Corporation for National and Community Service each year engages more than 1.6 million Americans of all ages and backgrounds in improving communities through a wide array of service opportunities in education, the environment, public safety, homeland security, and other human needs. The Corporation's main programs are:

- AmeriCorps, whose members perform intensive community-based service and earn education awards to help finance college—AmeriCorps consists of three programs—AmeriCorps*State and National, AmeriCorps*VISTA, and AmeriCorps*National Civilian Community Corps (NCCC);
- Learn and Serve America, which supports programs in schools, colleges, and community-based organizations that link community service to educational objectives. About 1.1 million stu-

dents participate in programs supported by Learn and Serve America each year; and

- Senior Corps, through which more than 500,000 Americans age 55 and older use their skills and experience to address vital community needs. Senior Corps comprises the Retired and Senior Volunteer Program (RSVP), the Foster Grandparent Program and the Senior Companion Program.

Board of Directors

Stephen Goldsmith, Chairman
Indiana

Henry C. Lozano
California

Cynthia Burleson
California

William Schambra
Virginia

Dorothy A. Johnson
Michigan

Donna N. Williams
Texas

Carol W. Kinsley
Massachusetts

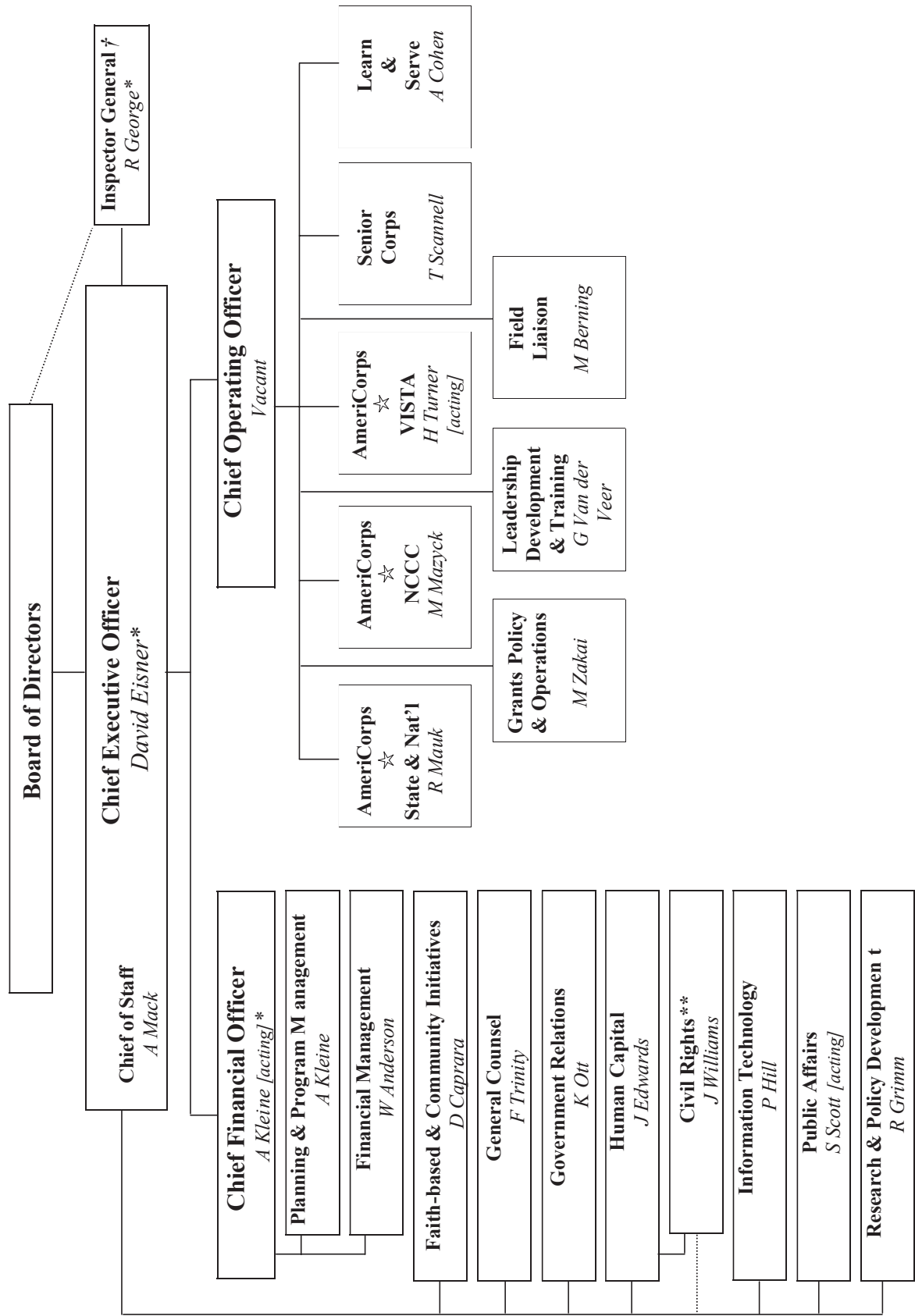
Officers of the Corporation

David Eisner, *Chief Executive Officer*

J. Russell George, *Inspector General*

Andrew Kleine, *Chief Financial Officer (acting)*

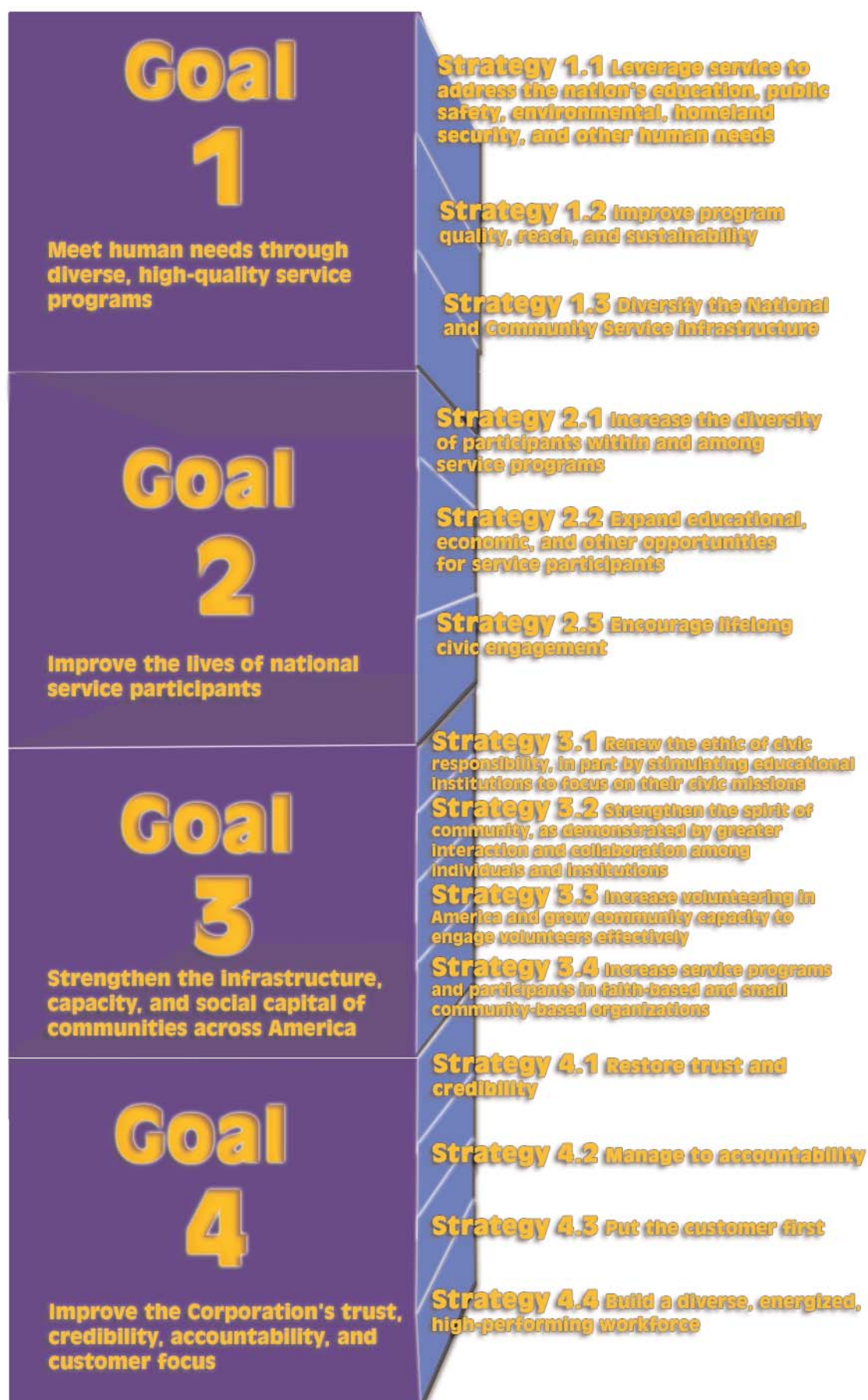
Corporation Organizational Chart



* Presidential Appointments

+ In accordance with the Inspector General Act, Section 3a

** The director has independent authority to advise the CEO on pre-complaint and complaint issues. The CEO contributes to the director's performance review.



Mission Performance Highlights

Overview

In FY 2004, the Corporation conducted a comprehensive assessment of its strategic goals and strategies. This assessment helped clarify the agency's goals and strategies, including identifying the primary beneficiaries of the Corporation's programs—people in need of assistance, volunteers who devote their time to helping others, and the communities in which they live. This assessment also focused on the key strategies the Corporation uses to achieve its mission and established a strategic framework to help guide the Corporation's programs.

The agency's revised strategic framework is helping to: align the agency's programs more closely to the Corporation's overall goals and strategies; unify and coordinate the agency's programs; respond to emerging demographic, social and economic trends; and strengthen the organization's management. The strategic framework reflects the complex world in which the Corporation operates and the important role that volunteers fill in American society. It also recognizes the key role that the Corporation can play in building character, sustaining health, and creating career and educational opportunities through the volunteer experience.

Within this framework, the Corporation views its role as a catalyzing one—providing strategic critical support to volunteer organizations that, in turn, deliver much-needed services to communities throughout the country. The agency helps to ensure a healthy, vibrant, non-profit volunteer organization sector that delivers these services effectively and efficiently, thus leveraging the Federal contribution to better meet the needs of the nation's communities. Moreover, the Corporation promotes the growth of a civic culture in which contributing to your community and helping to meet the needs of the country's most vulnerable individuals and groups becomes commonplace. To do so, the Corporation provides grants, training, and technical support to developing and expanding non-profit volunteer organizations, and explores, advocates and models effective approaches for using volunteers to meet the nation's human needs.

In FY 2004, through its five major programs, the Corporation provided:

- Over 200 million hours of community service nationwide;
- High quality service experiences to its volunteers, including about 540,000 Senior Corps volunteers, 1.1 million Learn and

Serve America students, and almost 75,000 AmeriCorps members, about 90 percent of whom would recommend AmeriCorps service to a friend or family member; and

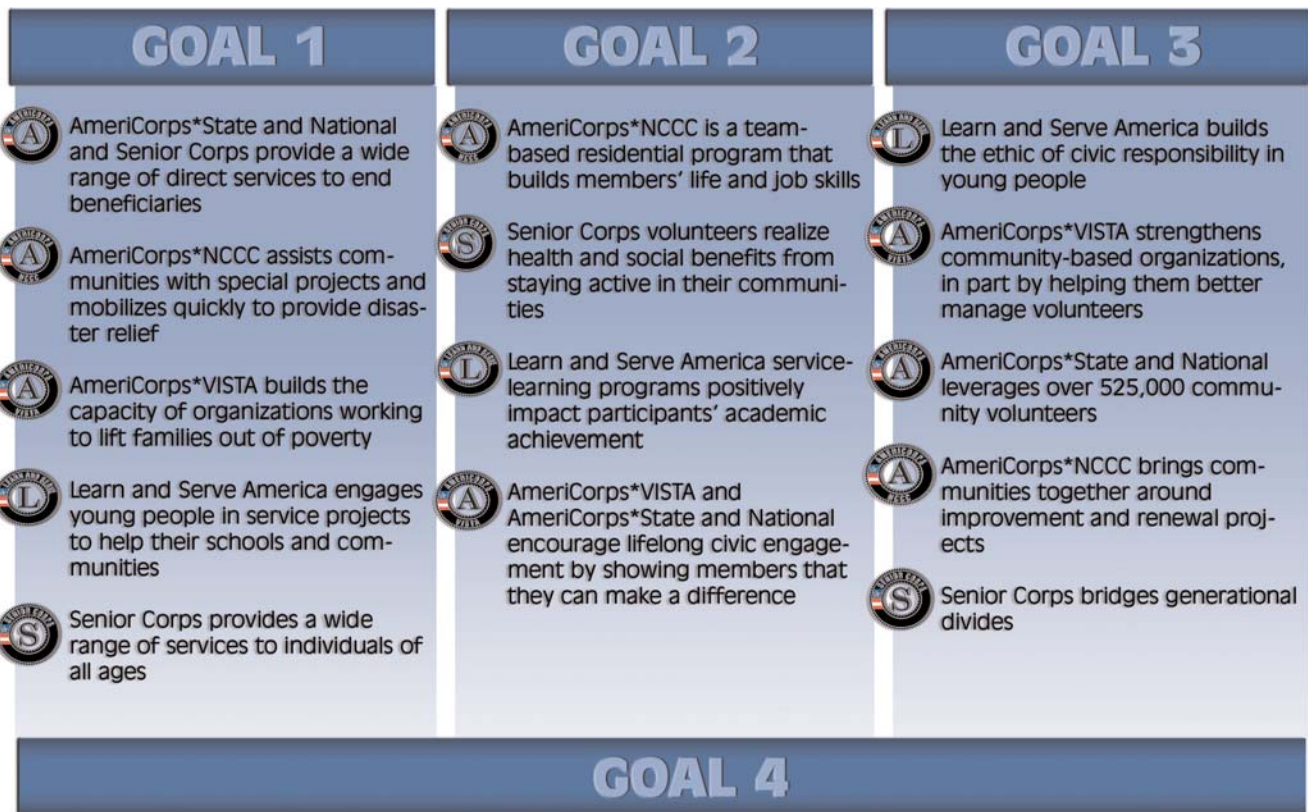
- Education awards totaling \$112 million to former AmeriCorps members.

The Corporation's primary focus, however, is on the agency's "end beneficiaries"—the people and communities that benefit from the services provided through its grants and projects. Therefore, the bulk of the Corporation's resources are directed toward Goal 1—meet human needs through high-quality service programs. However, the Corporation also places great emphasis on improving the lives of those who volunteer through its programs (Goal 2), promoting civic responsibility by all Americans (Goal 3), and managing for accountability (Goal 4).¹

Estimated FY 2004 Funding by Goal



The Corporation's programs support these goals in various ways, focusing on different populations of organizations and volunteers. The diagram below depicts the primary objectives of each of our programs.



The discussion below explains the strategic direction of the Corporation along the lines of the four goals and accompanying strategies. Because the FY 2004 budget did not identify any Corporation-level performance indicators, this section presents performance measures that reflect the Corporation's recently defined strategic goals and objectives. For some of these measures, however, FY 2004 data is not yet available; the agency plans to continue developing data to support these measures and to report against them in the FY 2005 Performance and Accountability Report. These measures are included here to provide greater perspective on the overall Corporation's goals and strategies and the way in which the Corporation will measure its performance against these goals. This discussion also includes highlights of the agency's accomplishments in FY 2004 in support of each goal. More detailed information on the agency's programs and performance against the FY 2004 program performance measures, as well as the agency's newly established program performance measures, is provided in the Program Performance section of this report.



Goal 1: Meet Human Needs through Diverse, High-Quality Service Programs (\$553 million)

Goal 1 concerns the ultimate impact of the Corporation's grants,

members, participants, and volunteers in meeting human needs, such as assisting older Americans so they can remain in their homes, helping victims of natural disasters, and mentoring children of prisoners so they can grow up to be productive citizens. However, measuring progress toward this goal is difficult, particularly since the ultimate beneficiaries represent people and communities throughout the country with problems of all sorts—poor reading skills, lack of shelter, little understanding of personal financial management. These beneficiaries and the ways in which they are helped through the Corporation's programs are extraordinarily diverse. Moreover, since most of the agency's programs are administered by a wide range of grantees which are responsible for recruiting, enrolling and managing volunteers, the collection of data on the agency's ultimate outcomes presents significant challenges. Nonetheless, the Corporation is putting in place a system to better assess the impact of its programs on these end beneficiaries. Improved grantee reporting, expanded information technology systems and programmatically-focused research are helping to provide better information on the Corporation's impact.

FY 2004 Accomplishments:

- The AmeriCorps program funded almost 75,000 members:
 - AmeriCorps*NCCC engaged 1,187 members on 575 projects in all 50 states, tutoring and mentoring 25,000 children and youth, constructing or repairing 500 low-income homes, and building or restoring 550 miles of trails in our national parks
 - AmeriCorps State and National supported approximately 71,000 members in non-profit volunteer organizations through-out the country to help build their capacity and deliver services to communities
 - AmeriCorps*VISTA supported approximately 7,000 members in about 1,400 anti-poverty projects
- Learn and Serve supported about 40 million hours in service-learning programs in their schools and communities.
- Senior Corps provided about 120 million hours of service, which helped improve health and nutrition, enable the frail and elderly to continue living in their own homes, improve disaster preparedness and response, and meet many other human needs

Strategy 1.1: Leverage service to address the nation's education, public safety, environmental, homeland security, and other human needs.

The concept of leveraging is fundamental to this goal and is embodied in the ability of a well-managed volunteer-based pro-

gram to tap the commitment of Americans to serve their neighbors and communities. Effective leveraging results in more volunteers and more people served. It also targets resources to meet high-priority needs, such as homeland security and support for children of prisoners.

Corporation-Wide Indicators for Strategy 1.1

Corporation-Wide Indicators	FY 2004 (baseline)
Number of hours of service provided by Corporation program participants. ² <i>Sources: National Service Trust, Senior Corps Program, PPVA (1/04)</i>	
AmeriCorps*State and National	30.0 million hours
AmeriCorps NCCC	2.1 million hours
AmeriCorps*VISTA	11.8 million hours
Foster Grandparent	27.9 million hours
Senior Companion	13.9 million hours
Retired Senior Volunteer	78.1 million hours
Learn and Serve	40 million hours
<i>Total all programs</i>	203.8 million hours
Percent of Corporation grant funds serving highly disadvantaged communities (bottom 25% of counties on socioeconomic scale). ³	N/A
Corporation's cost per member service year for stipended AmeriCorps*State and National programs. ⁴	N/A
Number of children of prisoners served in mentoring and other volunteer programs. ⁵ <i>Source: Corporation program data</i>	12,281 children
Percent of Senior Companion Program clients who say that without their Senior Companion, they could not remain living at home. ⁶	N/A
Number of counties and local jurisdictions with voluntary organizations active in disaster preparedness and response under the Citizen Corps Program. <i>Source: Citizen Corps, Department of Homeland Security</i> ⁷	1,432 counties
Percent of client organizations and individuals who believe their community is considerably better prepared to respond to emergencies due to training provided by AmeriCorps members. ⁸ <i>Source: Corporation National Performance Benchmarking, 2004</i>	78%
Percent of parents reporting that since participating in a Corporation-supported youth development program, their child's behavior has improved considerably. ⁹	N/A

Strategy 1.2: Improve Program Quality, Reach, and Sustainability.

To meet the needs of their communities, the Corporation's grantees must operate high-quality, far-reaching, and sustainable programs. The Corporation works with small, developing organizations to establish viable programs in their communities and to promote the use of best practices in volunteer recruitment and management. The Corporation also works with more-established

grantees to increase their ability to meet community needs through more effective, efficient or expanded programs. Moreover, the Corporation seeks to enable its grantees to continue their operations beyond the grant period to become a long-term force to meet human needs.

In recent years, the Corporation has begun requiring its grantees to identify and report on their performance against goals and measures established by the grantee. Although data from grantees is only now beginning to be analyzed, these performance measures form the basis for both the Corporation and the grantee to assess progress and work toward improvement. Other measures of program quality, reach and sustainability address the impact of the Corporation's members and participants on project sponsors, members and participants satisfaction with their service experience and the amount of matching funds contributed by the grantees to support their projects.

Corporation-Wide Indicators for Strategy 1.2

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of Corporation-funded programs meeting self-nominated performance goals. ¹⁰	N/A
Percent of organizations reporting that assistance by service participants enabled them to provide important new services. ¹¹	N/A
Percent of current AmeriCorps members who would recommend participation in AmeriCorps to a friend or family member. <i>Source: Corporation National Performance Benchmarking, 2004</i>	90%
Amount and percent of matching funds provided by grantees (\$ in millions)	N/A
Percent of leveraged community volunteers who believe the experience has been a worthwhile use of their time. ¹³	N/A

Strategy 1.3: Diversify the National and Community Service Infrastructure

Diversity in the non-profit sector helps to ensure that the full range of human needs across the United States can be met. In particular, as changes occur in the types and locations of services needed, a diverse infrastructure is better positioned to be able to meet those needs. Moreover, a diverse infrastructure is better able to test new methods of service delivery that may be more effective and efficient than prior practices.

Although the Corporation is continuing to develop improved analyses of the volunteer sector infrastructure, initial efforts to define the characteristics of a diverse sector include:

- The range and distribution of grantees geographically, across

service types and in approaches to providing service. For example, if new types of potential grantees, distinguished by their approach to engaging volunteers, are forming and show promise, the Corporation can provide critical and timely support and capitalize on their innovations. Similarly, the Corporation can help to ensure that critical services are available throughout the country—urban and rural.

- Organizations poised to address emerging community needs. For example, Corporation programs can be particularly helpful in supporting society's response to needs such as disaster response and helping children of prisoners.
- The span of the organization—national, regional, state or local. Different types of needs can be met most effectively and efficiently by organizations that span different breadths of service. For example, meeting the needs of students in particular settings may be most effectively met through organizations focused specifically on that small group. Conversely, national and regional organizations can provide comprehensive service to meet similar needs across broad areas of the country.

Corporation-Wide Indicators for Strategy 1.3

Corporation-Wide Indicators	FY 2004 (baseline)
Number of applicants for Corporation Funding.	2,374 applicants
Percent of grantees with no prior funding from the Corporation.	N/A



Goal 2: Improve the Lives of National Service Participants (\$249 million)

Corporation programs have, historically, been committed to the principle that service can and should benefit both the volunteer and the end beneficiary. While all the Corporation's programs seek to provide a high-quality and satisfying experience to their members, AmeriCorps programs also provide members with education support when their service has ended. In the Senior Companion and Foster Grandparent programs, volunteer service is rewarded with a modest stipend, which can make the difference for seniors dependent on modest fixed incomes. The RSVP program helps to improve the lives of volunteers who enroll, even though it provides no financial incentive to the volunteer. However, meaningful volunteer service that enables the program participant to effectively contribute time and skills to needy individuals improves the social and psychological well-being of the volunteer.

FY 2004 Accomplishments:

- The AmeriCorps program improved the job skills, educational abilities, and interest in community service of about 93% of its members.
- The Senior Corps program improved the knowledge, health, or social connectedness of about 19 out of 20 volunteers.
- The Corporation's programs continue to promote future volunteering through its members.
- Around three quarters of former AmeriCorps members have used their education awards.
- Compared to the national average, former AmeriCorps members are almost three times more likely to volunteer.
- In FY 2004, 48 percent of Learn and Serve-funded organizations reported that Learn and Serve activities had a substantial positive impact on participants' civic engagement.

Strategy 2.1: Increase the diversity of participants within and among service programs.

Under this strategy, the Corporation is working to have our member, participant, and volunteer populations better represent the communities in which they serve, in terms of sex, race, ethnicity and other characteristics. For NCCC, the team-based approach continues to be a unique opportunity for collaborative effort among ethnically diverse individuals. Outreach to underserved groups is being strengthened, and the Corporation plans to monitor results of these efforts in the years ahead.

Corporation-Wide Indicators for Strategy 2.1

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of service participants from minority groups. ¹⁴ <i>Source: CNCS National Performance Benchmarking, 2004</i>	37%
Percent of funded programs that are diverse (minority members exceed 20%). ¹⁵	N/A
Percent of service participants who are "Baby Boomers" (those born from 1946 to 1964). ¹⁶ <i>Source: PPVA</i>	N/A
Number of national service applicants. ¹⁷	N/A
Ratio of women to men in Senior Corps and AmeriCorps programs. <i>Source: PPVA, 2004</i>	3 to 1

Strategy 2.2: Expand education, economic, and other opportunities for service participants.

The Corporation is constantly looking for new ways to add value to the education awards that are provided through the

AmeriCorps programs. For example, a growing number of colleges recognize AmeriCorps service for college credit. Some offer supplemental scholarships for AmeriCorps graduates. The Corporation also is looking to strengthen direct support to members, particularly those in NCCC, in identifying career and educational opportunities as their AmeriCorps service draws to a close.

Corporation-Wide Indicators for Strategy 2.2

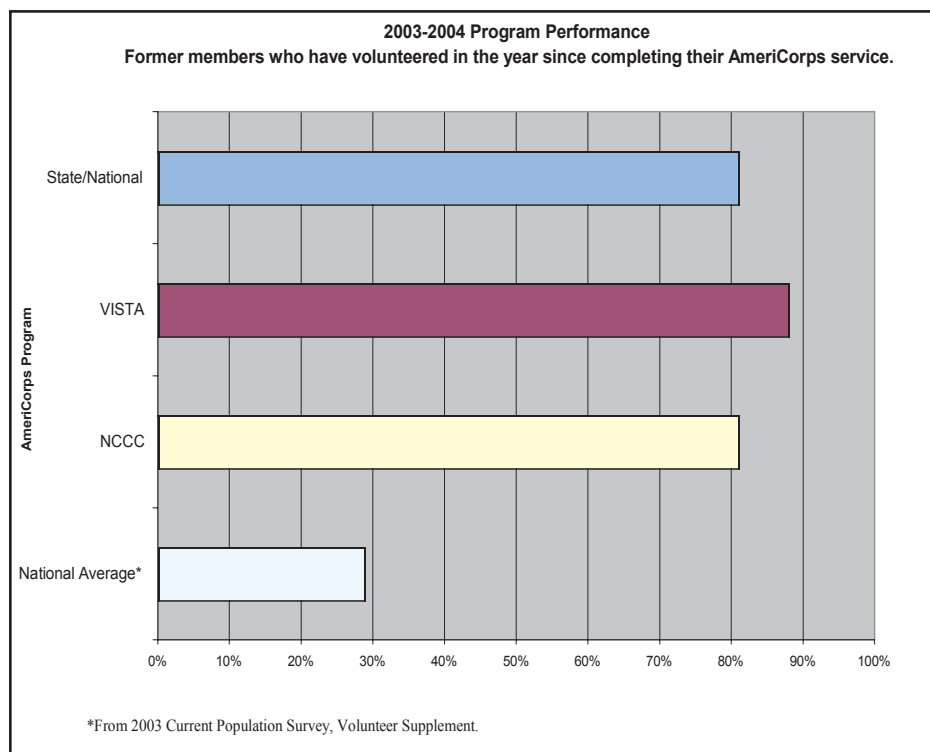
Corporation-Wide Indicators	FY 2004 (baseline)
Percent of former AmeriCorps members who say their service experience increased their life skills. ¹⁸ <i>Source: Corporation National Performance Benchmarking, 2004</i>	92%
Percent of former AmeriCorps members who say the skills they learned during their service have helped them greatly in their current job, educational pursuits, or community service activities. ¹⁹ <i>Source: Corporation National Performance Benchmarking, 2004</i>	93%
Percent of Senior Corps volunteers who report that their service has greatly improved their knowledge, health, or social connectedness. ²⁰ <i>Source: 2004 Survey of Senior Corps Volunteers.</i>	94%
Percent of AmeriCorps members who use their education award. ²¹ <i>Source: National Trust Database.</i>	76%
Percent of colleges and universities offering academic credit or matching scholarship money for AmeriCorps members. ²² <i>Source: NCCC Program Office</i>	50%

Strategy 2.3: Encourage life-long civic engagement.

Corporation programs are designed to reinforce the nation as a democracy by strengthening the civic commitment of those who participate in its programs. Individual projects often serve as models for how citizens can be engaged in their communities. The Corporation is piloting a longitudinal study to collect data on civic engagement of AmeriCorps members a year or more after their service has ended. This will increase understanding of the causal linkage between the experience of service and continuing civic engagement.

Corporation-wide Indicators for Strategy 2.3

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of participants in service-learning programs that last at least a semester and that serve a minimum of 20 hours. <i>Source: 2004 LSA Program and Performance Measurement Report.</i>	31.6%
Percent of former AmeriCorps members who have done volunteer work since completing their service. <i>Source: Corporation National Performance Benchmarking, 2004</i>	82%



Goal 3: Strengthen the Infrastructure, Capacity, and Social Capital of Communities Across America (\$56 million)

The Corporation's third goal concerns the less tangible, but more generally felt effects of the Corporation's programs on the social fabric of the nation. Social scientists have increasingly focused on the concept of social capital as a measure of the quality and resilience of the nation's democracy, and the ability of communities to solve their own problems. Social capital refers to the extent to which citizens are informed about community issues and concerns, meet their civic responsibilities and help to sustain the quality of their communities. Corporation programs present models of civic engagement and enable citizens to experience volunteering as a means to address individual needs and to empower communities. In the case of younger Americans, social capital is enlarged as patterns of civic engagement are established early in life through the Learn and Serve Program.



FY 2004 Accomplishments

- The overall number of people who volunteer through any organization, including the Corporation, rose to about 64 million people.
- The Corporation also contributed to the overall number of

schools with service-learning programs. However, the available data suggests that the number of schools with service-learning programs has hit a plateau at around 30 percent of schools.

- The Corporation provided grants to 96 local non-profit organizations in 38 states and the District of Columbia to help mobilize volunteers on Martin Luther King, Jr. Day on January 18, 2004. These volunteers helped build homes, paint schools, plant trees, clean parks, visit seniors, collect items for homeless shelters, and install smoke detectors.

Strategy 3.1: Renew the ethic of civic responsibility, in part by stimulating education institutions to focus on their civic missions.

The Corporation encourages schools and colleges to enhance their role in creating a socially engaged citizenry. At the primary and secondary levels, many schools have transcended an earlier view of public education where civic education consisted of understanding how government worked, to one where direct involvement in community affairs and service are being embraced. The Corporation has an important catalytic role in supporting this trend, particularly in school districts where funds are constrained, but where the community needs are often greatest.

Corporation-Wide Indicators for Strategy 3.1

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of schools with service-learning programs. <i>Source: Study by Westat, 2004</i>	30%
Percent of Federal Work-Study funding devoted to community service activities	N/A
Percent of high school seniors scoring at or above "proficient" on the National Assessment of Educational Progress (NAEP) civics assessment.	N/A
Percent of organizations that report that Learn & Serve-funded activities had a highly positive impact on their efforts to make service-learning a permanent part of their institution. <i>Source: CNCS National Performance Benchmarking, 2004</i>	47%
Percent of Learn and Serve organizations that frequently or always have at least six of nine characteristics of a high-quality service-learning program. ²³ <i>Source: 2004 LSA Program and Performance Measurement Report.</i>	75%

Strategy 3.2: Strengthen the spirit of community, as demonstrated by greater interaction and collaboration among individuals and institutions.

Under this strategy, the Corporation seeks to identify, refine, and promote new and innovative modes of community empowerment through voluntary service. A number of small grants (e.g. Martin Luther King, Next Generation grants) are intended to demonstrate new ways to manage and recruit volunteers, new organizational structures for community engagement, and innovative approaches to service delivery, particularly in high priority areas,

such as working with children of prisoners. The agency's programs also help to connect organizations and promote their partnerships to meet their community's needs..

Corporation-Wide Indicators for Strategy 3.2

Corporation-Wide Indicators	FY 2004 (baseline)
Social Capital Index. ²⁵	N/A
Percent of grantees reporting that service participant activities fostered greater community involvement ²⁶ <i>Source: CNCS National Performance Benchmarking, 2004</i>	61%
Number of Unified State Plans with acceptable score.	N/A

Strategy 3.3: Increase volunteering in America and grow community capacity to engage volunteers effectively.

Corporation programs are designed to stimulate volunteer service both directly through its members and participants and also through a long-term influence to create a culture of service in America. To do so, the Corporation's programs demonstrate models through which volunteer service can make a real difference in people's lives. The members and participants, in some cases provide services directly, but in others they help to increase the sponsoring and partner organizations' capacity to plan and manage volunteer-based programs. The Corporation's Learn and Serve program also teaches the Nation's youth that service is a lifelong commitment. Moreover, the Corporation serves to publicize and recognize the work of volunteer-based programs.

Corporation-Wide Indicators for Strategy 3.3

Corporation-Wide Indicators	FY 2004 (baseline)
Number of Americans who volunteer. <i>Source: U.S. Census</i>	63.8 million
Number of Americans who say they have devoted more than 100 hours of volunteer work in the past year. <i>Source: U.S. Census</i>	21.5 million
Average percent of time Americans spend volunteering. ²⁸	N/A
Number of community volunteers leveraged by AmeriCorps members. ²⁹	525,000
Percent of charities and congregations that report significant difficulties recruiting volunteers during the workday. <i>Source: Study by the Urban Institute, 2003</i>	25%
Number of non-profit organizations reporting that their volunteer leveraging efforts are stronger because of Corporation assistance (e.g., members)	N/A
Percent of nonprofit organizations that regularly train, and recognize their volunteers. <i>Source: Study by the Urban Institute, 2003</i>	69%

Strategy 3.4: Increase service programs and participants in faith-based and other community-based organizations.

Corporation-Wide Indicators for Strategy 3.4

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of Corporation grantees that are faith-based (and other community-based programs). ³⁰ <i>Source: CNCS program data</i>	Faith-based: 14% Other: N/A ³¹

Building on our Performance

The Strategic Environment

Over the coming decade, the Corporation will be challenged to adapt to changing demographic, social, and economic trends. These trends clearly point to expanding demand for community services. They also indicate a number of opportunities to increase the supply of community services through volunteer service-based programs, and to greatly increase the impact of the Corporation's programs overall. In FY 2004, the Corporation more fully incorporated a broader perspective and increased awareness of relevant trends into the strategic planning, budget development and policy development processes. The agency will continue to implement many on-going efforts to further incorporate knowledge of the Corporation's environment and improved information on the agency's activities and results into the agency's decision-making process.

Demographic Trends and Implications

Each of the Corporation's programs focuses on somewhat different demographic groups. AmeriCorps and, especially, the NCCC program engage young adults in intensive community service. Senior Corps engages older Americans, typically in part-time volunteering. Learn and Serve America promotes volunteerism among the nation's youth. Each of these programs helps to meet a variety of human needs. But the agency's central focus is on helping the most vulnerable Americans – children at risk and the frail elderly. As the nation's population changes, the Corporation's programs also will need to change to meet growing needs and take advantage of expanding opportunities.

The Aging "Baby Boomers."

The Baby Boom generation, defined as those born between 1946 and 1964, is about 77 million strong or 28 percent of the U.S.

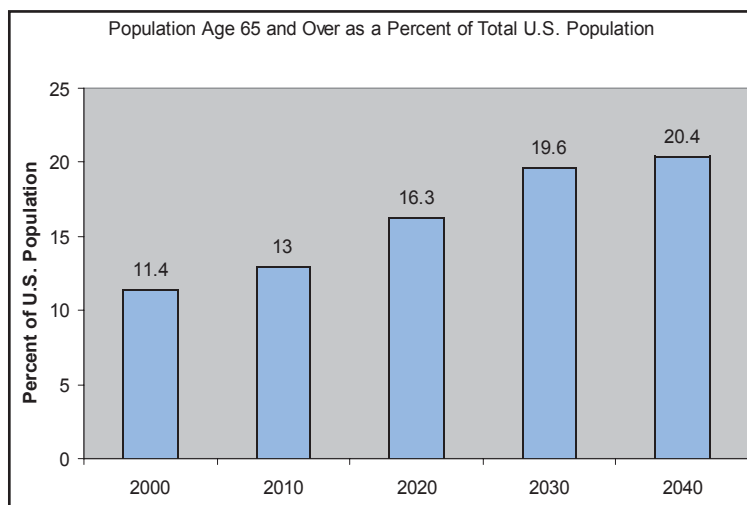
population. The oldest of them are just now beginning to retire. During the next decade, this trickle will turn into a flood of newly-retired “baby boomers,” as the number of Americans aged 65 and over grows from the current 36 million to about 40 million in 2010, and then explodes to 55 million, or about 16 percent of the country’s population, in 2020.

The “baby boom” generation will be the healthiest and best-educated generation of seniors in the Nation’s history. Fully 29 percent have a college degree. Most have extensive experience in the workplace and have gained a broad range of technical and social skills. Many are already committed to volunteerism and express a remarkable commitment to their communities. Many were inspired during their formative years by the example and idealism of programs like Peace Corps and VISTA. As “baby boomers” retire, they will have more leisure time than previous generations and could contribute their time and expertise to their communities. For the Corporation to effectively engage this population in volunteering, the agency will need to:

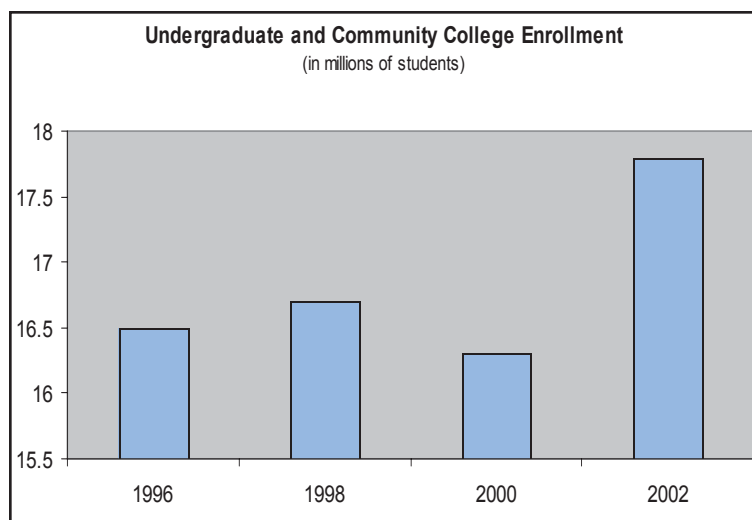
- Broaden the public image and operational flexibility of the Senior Corps programs;
- Promote opportunities for “baby boomers” in the AmeriCorps programs;
- Develop special outreach efforts that focus on the newly retired population, particularly in the locales where “baby boomers” are an especially large part of the population; and
- Support the Corporation’s partner organizations to build programs that can make best use of highly skilled volunteers, including volunteers available during the workday.

The “Echo Boomers.”

The current surge of “echo-boomers”—children of “baby boomers”—is currently seen in our crowded schools and colleges. This surge presents both new challenges and new opportunities for the Corporation. The increasing popu-



Source: U.S. Census

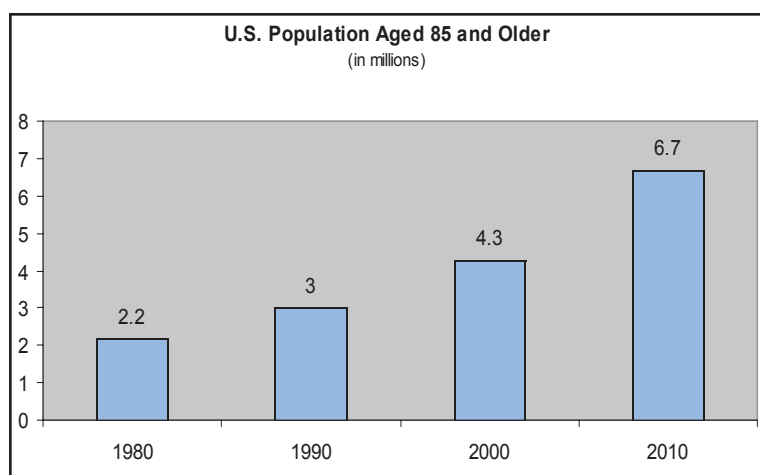


Source: U.S. Census

lation of children and teenagers is leading to growing needs for after-school tutoring and mentoring programs, anti-drug programs and similar support to help them become productive members of our society. As these “echo boomers” enter young adulthood, many will need to find the means to meet rising postsecondary education costs and corresponding student loan debts.

This increasing population of children and teenagers also provides opportunities for the Corporation to greatly increase the supply of community services. As children and teenagers, the “echo boomers” can participate in service-learning programs that not only help to provide services to others, but also teach civic responsibilities and promote lifelong volunteering. The Learn and Serve program must be adapted to take advantage of this opportunity by promoting the continued expansion of service-learning to all our schools.

As the “echo boomers” enter young adulthood, the Corporation can continue to engage them in service and help them to pay for postsecondary education through our intensive AmeriCorps programs that provide education awards, through partnerships with colleges and universities to provide college credit for service and through expanded work-study community service programs. As the “echo boomers” enter the workplace and begin to have families of their own, the Corporation can continue to develop service opportunities that enable them to help others, while meeting their other responsibilities.



Source: U.S. Census

Growing Frail and Elderly Population.

The fastest growing segment of the U.S. population is the group that is 85 years old and older—most of whom are frail and require help in living. The increasing life expectancy, now approaching 75 years for men and 80 for women, also is resulting in an increase in the number of somewhat younger seniors, with compelling human needs. While social services will be available to meet many of the needs of the expanding frail and elderly population, other aspects of their

needs, such as assistance with grocery shopping or helping to pay monthly bills, will need to be met through the help of their neighbors and other volunteers.

Increase in the Foreign-Born Population.

In the 2003 census, 33.5 million people (or 12 percent of the U.S.

population) were estimated to be foreign-born. Many of these people will not have sufficient English-language skills to work at more than relatively low-paying jobs, often with little or no health insurance. This population, which grew by about 37% in just eight years is expected to continue to grow dramatically. This trend presents both a challenge and an opportunity to the Corporation. While many of the expanding foreign-born population will need support services, such as classes in English as a Second Language or job skills, others could represent a significant resource to their communities and could help their fellow foreign-born or other neighbors in a variety of ways.

To meet growing needs, the Corporation must take advantage of key opportunities to attract more Americans to service and volunteering. Demographic trends presage shifts in how we structure and market our programs. To meet the implications of these trends, the Corporation must continue to refine its programs and develop effective and efficient approaches to meet the needs of the Nation's changing population.

At-Risk Youth

A large population of American children continue to face enormous obstacles to becoming productive adults, capable of holding down employment, earning a sustainable wage, supporting a family, and positively contributing to their communities. The Corporation and its predecessor agencies have a long history of giving the highest priority to assisting this population, across the country in urban and rural settings.

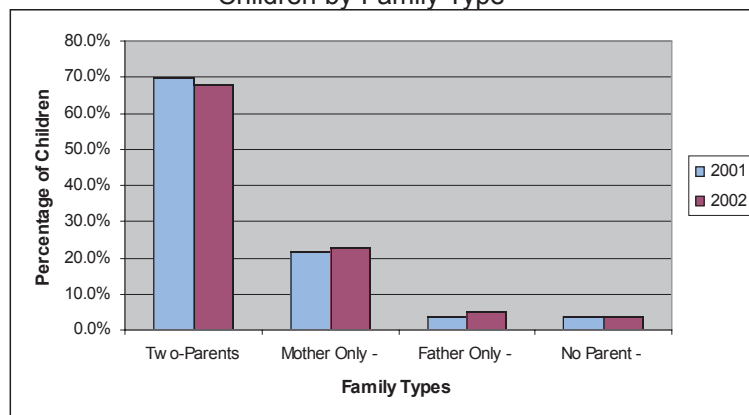
Children in Severely Distressed Neighborhoods

Children growing up in severely distressed communities, characterized by high poverty rates and a variety of social problems, from high crime rates to early experimentation with illicit drugs, are more likely to be at risk of school failure, unemployment, criminal behavior and persistent poverty. In 2000, 5.6 million children, or about 8 percent of the children under 18 years old, were living in severely distressed neighborhoods, 852,000 more than in 1990.

Children in Single-Parent Families

Family structure also plays a critical role in determining whether children become productive members of society. Data clearly show that children in single, female-headed households are more likely to be poor and are comparatively more likely to have aca-

Children by Family Type



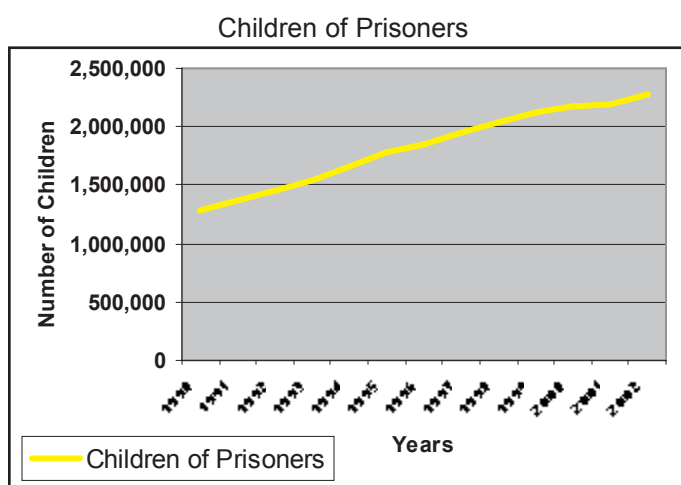


"Tonight I ask Congress and the American people to focus the spirit of service and the resources of the government on the needs of some of our most vulnerable citizens— boys and girls trying to grow up without guidance and attention, and children who have to go through a prison gate to be hugged by their mom or dad [...] Government will support the training and recruiting of mentors; yet it is the men and women of America who will fill the need. One mentor, one person can change a life forever. And I urge you to be that one person. *President George W. Bush, January 28, 2003*

demographic and behavioral problems, leading to poor socioeconomic status later in life. Almost 30 percent of children under age 18 were living in single parent or no parent homes in 2002.

Children of prisoners

A particularly challenging subset of all "at-risk" children is composed of those with an incarcerated parent. These children not only face the risk associated with growing up in a single-parent household or one with no parent present, but also experience the stigma of having a parent in jail or prison. In 2003, over two million children had an incarcerated parent, nearly double the number in 1991.



Social Trends and Implications

The Service Learning Movement

The service learning movement, which gained strength in the 1990s, is now well established in many locales. It is reflected in the community service graduation requirements for a growing number of high schools, in the granting of school credit for public service, and in a budding movement to integrate civic education into school curricula. A recent study indicated that 30 percent of all public primary and secondary schools now offer service-learning opportunities, as compared to less than 10 percent in 1984.³² Half of all community colleges offer service-learning opportunities. Twenty percent of the Nation's college and university presidents belong to Campus Compact, a national coalition committed to helping students develop the values and skills of citizenship through participation in public and community service. Service learning not only provides and promotes community service both in school and in later years, but also results in improved academic performance.

The Corporation, especially through the Learn and Serve America program, has been the catalyst for this movement. Approximately 1.1 million students participate annually in 2,000 local Learn and Serve-supported projects in which community service is integrated into the classroom and extracurricular activities. Learn and Serve America higher education programs annually engage about 30,000 participants in service linked to their studies at 250 institutions of higher education. Most schools that received funding through the Learn and Serve America program have institutionalized service-learning, so that service-learning programs continue after Federal funding ends.

Unfortunately, recent studies indicate that growth in service-learning has begun to plateau. Although the percentage of schools with service-learning programs more than tripled from 1984 to 1999, since then, this rate has remained at just 30 percent. The Learn and Serve America program must re-stimulate the growth in service-learning.

Volunteering in America

Currently, about 29 percent of the U.S. population, or about 64 million people volunteer in their communities an average of about one hour per week. However, an additional 52 percent would volunteer, if they had more information on volunteer opportunities, a good match of their skills with the volunteering activity, and more time to volunteer.

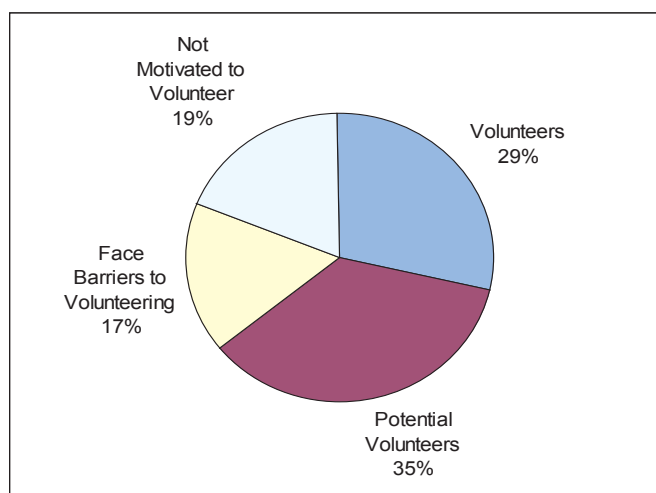
At the same time, more than 90 percent of charities and congregational social service outreach organizations reported that they could use, on average, 20 more volunteers each, or about 6 million additional volunteers nationwide. These organizations also reported that effective volunteer recruitment and management was a challenge for them. Recruitment, particularly of volunteers available during the workday and with the right skills and work habits, as well as the lack of staff to train and supervise volunteers are the biggest impediments for these organizations to expanding their volunteer services.

Addressing these factors could have a broad impact on the number of Americans serving their communities.

The Non-Profit Volunteer Sector

The non-profit volunteer sector is highly complex, with interwoven partnerships and relationships involving a wide range of

Responses to CPS Volunteering Survey



Source: U.S. Current Population Survey (CPS) conducted by the Census Bureau

Volunteer Management Capacity in America's Charities and Congregations

The Corporation recently completed the first study of volunteer management capacity among America's charities and congregations. This study assessed the ability of these organizations to utilize volunteers, including the extent to which they have adopted various effective management practices, as well as the challenges they face in managing and retaining volunteers and the types of changes that could increase their ability to engage volunteers. The study was conducted in the fall of 2003 by the Urban Institute, on behalf of the Corporation, the UPS Foundation, and USA Freedom Corps and is based on a representative sample of congregations of all faiths and other charities throughout the country.

The study found that the benefits volunteers bring to organizations are quite large, with these organizations reporting that one hour of a typical volunteer's time was worth \$20. However, the study also identified several barriers that prevent these organizations from realizing the full benefits of their volunteers.

Overcoming Obstacles to Improved Use of Volunteers

The study also concluded that:

- Volunteer management capacity could be enhanced by helping organizations to recruit more volunteers (particularly during the work day and with specific skills), invest in staff support for volunteers, and provide opportunities for volunteer management training.
- When paid staff members dedicate a substantial portion of their time to the management of volunteers, organizations experience fewer recruitment challenges and demonstrate greater adoption of volunteer management practices.
- More than nine out of ten charities and congregational social service programs indicate that they are able to take on additional volunteers at current capacity; however, many experience difficulty in recruiting sufficient numbers of volunteers and would like more information about potential volunteers.
- While additional funding to cover the expenses of volunteer involvement is a popular capacity-building option, an even greater percentage of charities and congregations indicated that a full-time, stipended volunteer with responsibility for volunteer management would enhance their volunteer programs.
- Charities that screen and match volunteers, offer training and development opportunities for volunteers, provide recognition activities for volunteers, and use volunteers to recruit other volunteers demonstrate higher volunteer retention rates than charities that have not regularly adopted these practices.
- Charities that collaborate or partner with religious organizations report greater benefits from volunteers. Yet, only 15 percent of charities with a secular mission report that they partner with religious organizations.
- Most congregations partner with other organizations when running their social service outreach activities and tend to provide emergency services.

organizations. Not only are there many community and faith-based organizations, there also are many national direct service and grant-making organizations, volunteer centers that specialize in helping other organizations recruit and manage their volunteers, and regional and state-sponsored organizations such as the state service commissions.

These organizations provide both direct service delivery and make subgrants to other organizations that provide direct services. They vary widely in size and funding, with smaller organizations having annual budgets often of less than \$250,000 and larger organizations frequently with budgets of \$1 million or more. They provide services to people of all ages, in rural and urban settings—in schools, hospitals, and state forests—and help to meet educational, public safety, environmental and other human needs. As with for-profit organizations, partnerships and a focus on the organization's core functions and highest value-added services are helping to bring greater efficiency and effectiveness to the operations of these organizations, but also are contributing to the further complexity of the sector.

The Corporation recently completed a study of volunteer management capacity in America's charities and congregations. This study, combined with existing and planned research and data, is helping the Corporation to identify better, more effective and efficient ways to support and expand the non-profit sector and the services they provide. For example, the agency can better focus its training and technical assistance to grantees to promote more effective volunteer management practices, or target its resources to key aspects of the volunteer generation and management process.

Homeland Security, Disaster Preparedness and Recovery.

Although the future extent of terrorism, extreme weather events, and other man-made and natural disasters is not knowable, the nation can become better prepared to respond to such emergencies. All of the Corporation's programs contribute to improved preparedness and response; but the NCCC program is particularly

Percentage of Charities and Congregational Social Service Outreach Activities That Cite Various Challenges as a Big Problem in Their Volunteer Programs



Source: 2003 study, "Volunteer Management Capacity in America's Charities and Congregations," conducted by the Office of Research and Policy Development of the Corporation

well structured to meet these needs. Using its quick-response, team-based approach, NCCC team members have provided emergency assistance in responding to forest fires, hurricanes and other disasters, often providing the organizational and management support necessary to effectively mobilize thousands of other community volunteers.

Beginning in 2001, the Corporation gradually modified its programs and priorities to better support homeland security and disaster preparedness and response. However, the Corporation's programs can be made to more effectively and efficiently deliver this support throughout the country. For example, the Corporation could further emphasize the effective coordination

of its efforts with its partner organizations and provide improved coverage in currently underserved areas and populations.

Economic Trends and Implications

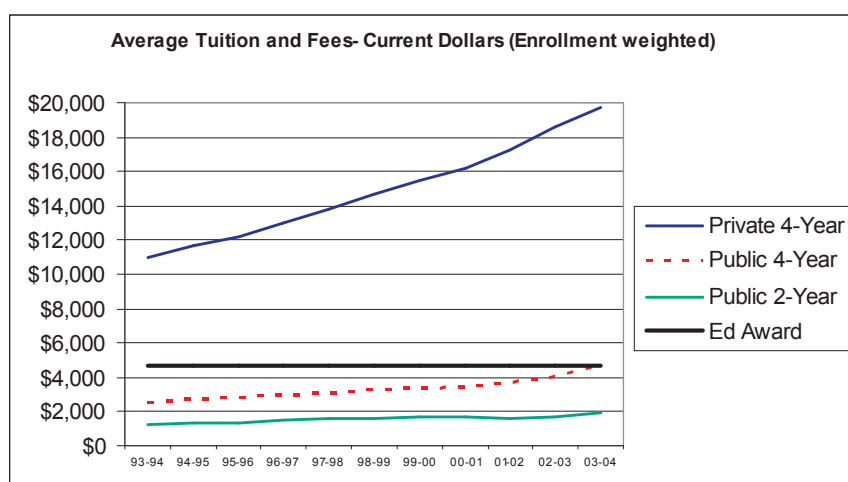
College Tuitions.

The rising cost of a college education is both a challenge and an opportunity for the Corporation. The AmeriCorps program was created in part to

help narrow the college affordability gap by providing a \$4,725 education award in exchange for a year of service. Although inflation has eroded the education award's value, it is still equal to the average tuition and fees of one year at a public four-year college and two years at a public two-year college. The Corporation's programs can be structured to better meet the needs of students, not only through the education award for AmeriCorps members, but also through the expansion of service-based College Work Study and improved support for current members to continue their educations.

Corporation Performance Challenges

All of the trends—economic, social and demographic—point to the need for the Corporation to continuously review and revise its programs to meet the rapidly changing challenges and opportunities that will present themselves over the coming years. The Corporation has begun to analyze and determine appropriate changes to meet these needs.



¹ The distribution of funding (obligations) by goal is based on the primary roles of our programs and the components of our programs, such as the education award and senior stipend. The derivation of this distribution is provided in Appendix B: Derivation of Estimated Funding by Goal.

² For State/National the figure for FY 2004 is lower than most years due to a pause in enrollment.

³ The Corporation is developing a definition of "highly disadvantaged communities" based on percent in poverty, unemployment, education, household income, and per capita income. For FY 2005, county level data will be matched against addresses of grantees and subgrantees for AmeriCorps, VISTA and State/National programs.

⁴ Data will be available following completion of final grant competition for 2004 program year.

⁵ This includes children of prisoners served by 278 Senior Corps and VISTA programs, and refers to a range of services provided to the children. Data for other Corporation programs are expected in FY 2005.

⁶ These data will be available beginning in FY 2005.

⁷ There are some instances of more than one Citizen Corps in a county.

⁸ This is based on a survey of those receiving training, and indicates the percentage reporting that as a result of the training they or their organization had followed up by preparing emergency kits, conducting emergency drills, changing organization operations, or related preparedness activities.

⁹ The Corporation has so far not been able to collect reliable data on this indicator.

¹⁰ Beginning in FY 2004, all grantees began submitting proposed performance goals. The Corporation is now reviewing the first round of self-assessments against these goals, and developing standards for judging performance by grantees.

¹¹ It is anticipated that the Corporation will be able to report on this indicator for AmeriCorps programs beginning in FY 2005.

¹³ Initial efforts have been unsuccessful in attaining reliable data.

¹⁴ AmeriCorps only, based on a random sample. "Minority" includes all who identified themselves as other than "White, not Hispanic".

¹⁵ It may be possible to begin to report on this indicator for some programs in FY 2005.

¹⁶ Data is not yet available for all Corporation programs. However, the percentage of RSVP participants is 5.1%; for VISTA the percent is 32.8%.

¹⁷ Recruitment to serve in AmeriCorps through VISTA and the State/National programs are generally handled by the grantees themselves, and application data is not systematically kept nor passed on to the Corporation. For NCCC, there were 4,084 applicants for 1,187 slots in FY 2004, or about 3.4 per position.

¹⁸ Percent who responded that to a great (58%) or moderate (34%) service increased life skills defined as leadership, teamwork, communications, time management, and decision-making.

¹⁹ This includes 62 percent reporting that they were helped to a great extent and 31 percent reporting that they were helped to a moderate extent.

²⁰ This is the average percent of RSVP volunteers who agreed (58%) or strongly agreed (36%) that volunteering 1) had given more meaning to their lives, 2)

had given them a more positive outlook, 3) had made them better informed citizens, and 4) had made them feel more competent.

²¹ This is the percent of those entering Americorps service in 1997, and who had used the award by the time it had expired in FY 2004.

²² This includes some colleges that have agreed to match education awards based on personal requests, but do not have a formal program for doing so.

²³ These include: 1) activities of a significant duration, 2) clear and specific learning objectives, 3) connections between service and learning, 4) connection of curriculum, 5) explicit relationship between service and civic participation, responsibility, skills, and concepts, 6) formal reflection, 7) leadership roles for participants, 8) strong community partnerships, and 9) emphasis on both learning and service.

²⁴ "Engaging Youth in Lifelong Service," Independent Sector, 2002.

²⁵ There is no official "social capital index" for the Corporation or the Federal Government overall. The Corporation will continue to explore developing an appropriate one as a composite of broadly available data.

²⁶ This indicator is a composite of the responses to six questions pertaining to the effect on the organization as a result of its involvement with AmeriCorps: increased the number served by a considerable amount (State/National and VISTA), leveraged considerable number of additional volunteers (State/National and VISTA), brought in considerable additional funds (VISTA), brought in considerable donations of goods and services (VISTA), led to a considerable increase in number served (VISTA and NCCC), and led to a considerable increase in involvement in coalitions and partnerships (NCCC).

²⁷ The Corporation is studying the feasibility of scoring these required plans annually, beginning in FY 2005.

²⁸ These data do not seem to be readily available on a national level.

²⁹ This is for the NCCC program only. The State/National and VISTA data are not yet available. These programs are revising their data collection systems in order to provide this information on a timely basis in FY 2005.

³⁰ Does not include formula-based grants.

³¹ The Corporation is seeking additional data for all programs beginning in FY 2005 to report on involvement with community-based organizations that are not faith-based.

³² Study conducted by Westat, Inc., 2004

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Management Performance Highlights

Overview

The Corporation places a major emphasis on improving the agency's management and relationships with its customers and is implementing reforms affecting nearly every aspect of the agency's operations. Such reforms reflect the concepts and approaches outlined in the President's Management Agenda, OMB's Program Assessment Rating Tool, the Strengthen AmeriCorps Program Act and other statutory and regulatory requirements, as well as the Inspector General's and the agency's own identification of changes needed to ensure effective, efficient and legal agency operations. The following sections describe the agency's:

- Overall management goal (Goal 4), supporting strategies and performance measures
- Progress in implementing the President's Management Agenda
- Response to OMB's Program Assessment Rating
- Analysis of budgetary expenditures, financial condition and financial statements
- Management controls, systems and compliance with legal and regulatory requirements
- Audit results



Goal 4: Improve the Corporation's Trust, Credibility, Accountability, and Customer Focus (\$82 million)

Effective agency management, including ensuring the agency's credibility and accountability, is so critical to achieving the agency's mission that the Corporation has elevated its management goal to the same level as the agency's mission goals. Thus the agency's fourth primary goal is to improve the Corporation's trust, credibility, accountability and customer focus.

As with its mission goals, in FY 2004 the Corporation developed strategies and performance measures to help guide the agency's actions and measure its progress in achieving its management goal. Because these performance measures were only recently developed, the agency is not generally able to report on its FY 2004 performance against these measures. In FY 2005, the Corporation will fully analyze the reporting requirements and processes necessary to use these measures. In some cases, this

analysis may conclude that a particular measure is not feasible; however, the Corporation will establish and implement the necessary reporting to support measurement against these or comparable measures and will establish a performance baseline and set targets for subsequent years' performance.

The Corporation has made significant progress in a number of key management areas over the past few years, including developing and implementing grantee and Corporation performance measures; developing grant guidelines that require grantees to better leverage Corporation dollars; increasing Board oversight; implementing policies aimed at increasing our programs' accountability and effectiveness; implementing fiscally sound management of the National Service Trust; improving budget execution, financial and grants management; and, enhancing the agency's information technology systems and capital planning. The Corporation's management reforms are enhancing its financial integrity and helping to ensure the accurate, timely, and relevant reporting of financial information.

Strategy 4.1: Restore trust and credibility.

Following the problems associated with shortfall in the National Service Trust that was identified in FY 2002, many of the Corporation's stakeholders were concerned that other problems may exist and that the Corporation was not being managed effectively. Although the Corporation's own internal review identified no further similar problems, the Corporation's trust and credibility with its stakeholders had been seriously compromised. To address this problem, the Corporation identified restoring trust and credibility as one of its primary management objectives.

To help measure the Corporation's progress toward strengthening its trust and credibility, the agency identified the following performance measures for which baselines will be established in FY 2005, using the identified data sources, and for which targets will be set for FY 2006.

Corporation-Wide Indicators for Strategy 4.1

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of key financial stakeholders who say the Corporation is trustworthy <i>Source: Customer survey to be developed in FY 2005</i>	N/A
Percent of employees who feel the Corporation's leaders consistently demonstrate integrity and honesty <i>Source: Federal Human Capital Survey, initially conducted in October 2004</i>	N/A
Ratio of positive to negative media citations in major outlets <i>Source: Office of Public Affairs media monitoring beginning in FY 2005</i>	N/A

A number of recent external reviews-by the GAO, OIG, and an independent auditing firm-found that the Corporation: 1) is in compliance with the requirements of the Strengthen AmeriCorps Program Act; 2) is following sound business and accounting practices; and 3) is effectively addressing identified weaknesses through major management reforms.

A new evaluation unit in the OIG will bring a fresh perspective to identifying best practices. The National Academy of Public Administration (NAPA) soon will make recommendations about our leadership structure, operations, management and grants programs. The Corporation itself has expanded its internal oversight by expanding its evaluation, program review, analysis and performance-based budget development efforts. Such oversight and the Corporation's continued open, transparent and collaborative approach will help the Corporation to continuously improve its management, trust and credibility.

Strategy 4.2: Manage to accountability.

Through a focus on greater accountability, the Corporation will not only ensure that all its programs and operations meet all statutory and regulatory requirements, but also will promote more effective and efficient use of its resources.

To help measure the Corporation's success in managing to accountability, the agency identified the following performance measures for which baselines will be established in FY 2005 using the identified data sources and for which targets will be set for FY 2006:

Corporation-Wide Indicators for Strategy 4.2

Corporation-Wide Indicators	FY 2004 (baseline)
Number of grantee noncompliance findings in site visit and audit reports <i>Source: Field Liaison Office's monitoring of site visit and OIG audit reports, beginning in FY 2005</i>	N/A
Number of consecutive clean audit opinions <i>Source: OIG audit reports</i>	5
Number of consecutive Certificate of Excellence in Accountability Reporting awards <i>Source: Association of Government Accountants (AGA) award program; the Corporation's FY 2004 Performance and Accountability Report will be the first such report submitted by the agency to the AGA for evaluation</i>	N/A

In FY 2004, the Corporation's management of all its programs, organizations and processes was improved to ensure greater accountability, and thereby improved performance.

Central to this effort is the agency's ongoing development of a comprehensive performance measurement and management pro-

gram. Under this program, which is described in more detail in the President's Management Agenda—Budget-Performance Integration section, each grantee now is required to submit information on its performance, documenting the actual impact of the program on the people and communities it serves. In addition, the Corporation's own performance will be measured against a hierarchy of performance measures, ranging from national, outcome-oriented performance measures to operational performance metrics.

These performance measures and the data to support their ongoing monitoring will be maintained in a data warehouse that is currently under construction. To help focus management attention on the most critical aspects of performance, the agency also has begun to develop a management "dashboard" that will place key performance metrics for each of the Corporation's functions at the fingertips of executives and managers. Moreover, for all of its programs, the Corporation has begun to produce annual performance data pertaining to participants, grantees, sub-grantees, and end beneficiaries. Analysis of this data in FY 2005 and beyond will enable the Corporation and its partners to make more performance-based judgments on the funding allocations, program policies, and management priorities that will produce the greatest results.

Because the Corporation's programs operate primarily through grants, the agency also focused considerable attention in FY 2004 on improving its grants management, monitoring and oversight. The grant-making process was simplified and improved by, for example, improving the quality of peer reviewers and internal agency analyses of grant applications, continuing to upgrade the agency's new eGrants system and using more analytical tools for portfolio development. The Corporation's grant compliance monitoring also was improved, with more comprehensive written guidance covering all Corporation programs and the development of improved administrative standards for the state service commissions, among other reforms.

To support continued improvements in management accountability, the Corporation initiated business process reviews of many of its internal processes. Under contract, a private, independent firm completed initial reviews of the agency's grants management, National Service Trust, procurement, and VISTA and NCCC member payroll processes. Based on these reviews, the Corporation identified opportunities to streamline labor-and-paper-intensive processes, eliminate redundant data entry, and reduce errors

Strategy 4.3: Put the customer first.

In FY 2004, the Corporation's new Chief Executive Officer placed customer service as one of the agency's highest priorities. Thus, the Corporation's third management priority focuses on our customers—the program's end beneficiaries, grantees, members and other constituents that benefit from the Corporation's programs. Only by placing an emphasis on service to our customers can the Corporation effectively focus its efforts to meet their needs.

While the Corporation will continue to assess its performance along a broad range of dimensions through ongoing, detailed customer surveys, the agency also identified in FY 2004 two key performance measures against which to measure its customer service performance at the Corporate level in FY 2005 and beyond, as follows:

Corporation-Wide Indicators for Strategy 4.3

Corporation-Wide Indicators	FY 2004 (baseline)
Average burden hours per grant associated with applying for Corporation grants <i>Source: OMB reporting burden analysis</i>	N/A
Overall score on the American Customer Satisfaction Index <i>Source: National Performance Benchmarking Study</i>	57 out of 100

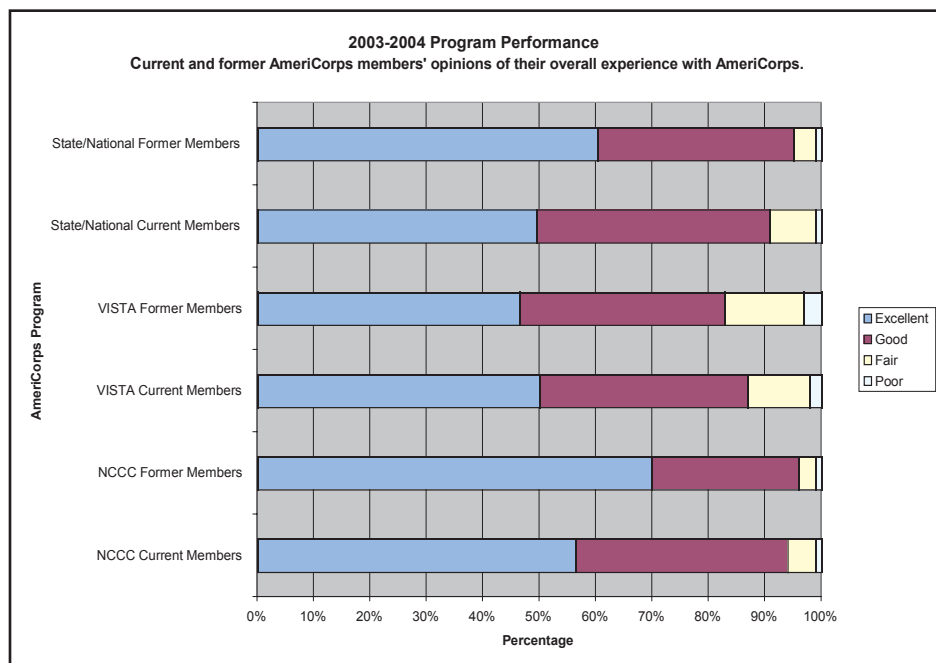
To help implement this customer service priority, in FY 2004 the Corporation:

- Greatly improved the grants application, funding and management reporting process (additional details on these improvements are provided in the Grants Management section of the discussion of the President's Management Agenda);
- Began to conduct annual customer surveys of its grantees/sub-grantees, service participants and end beneficiaries; and
- Began developing plans to further assess customer satisfaction through additional surveys of its other customers, such as Congressional and OMB staff.

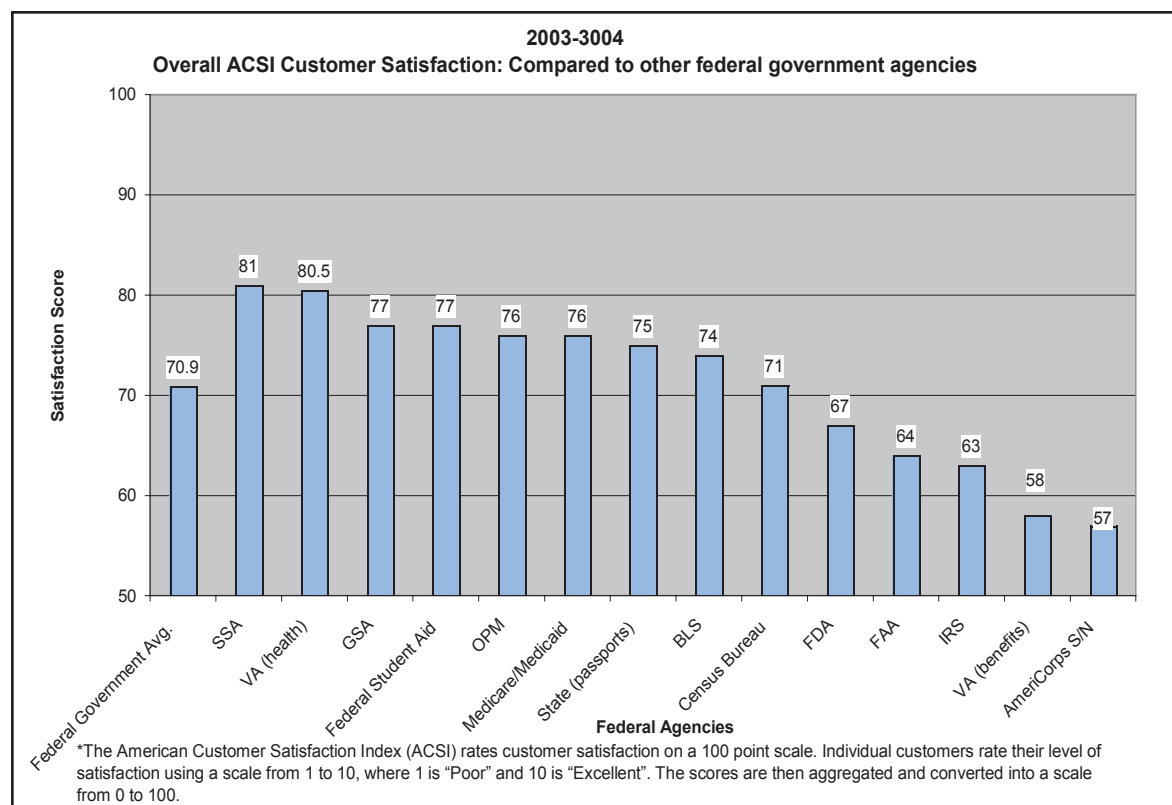
Initial results from the Corporation's recent survey of AmeriCorps grantees, participants and beneficiaries are beginning to indicate the areas most in need of improvement. For example, the following graphs show that most current and former AmeriCorps members considered their AmeriCorps experience to be excellent or good (50 percent and 40 percent, respectively for current members, and 61 percent and 34 percent, respectively for former members). This data also show that VISTA members were not as happy with their experience as members of other AmeriCorps programs. As a result, the Corporation is looking further into aspects of the VISTA members' experiences to deter-

mine how to better meet members' expectations.

Also as part of the National Performance Benchmarking Initiative, the Corporation recently surveyed state commissions, national direct organizations, national education award organizations, tribes and territories using the American Customer Satisfaction Index (ACSI).¹ This data, shown below, clearly indicates that the Corporation's AmeriCorps*State and National program is not adequately meeting its grantees' needs. A further analysis of the program's customer satisfaction index for particular aspects of grantee customer service, also shown below, is helping the Corporation to identify particular aspects of its grant-making services in need of improvement.



Source: Early results from the National Performance Benchmarking Project, conducted by the Urban Institute and the Office of Research and Policy Development in FY 2004



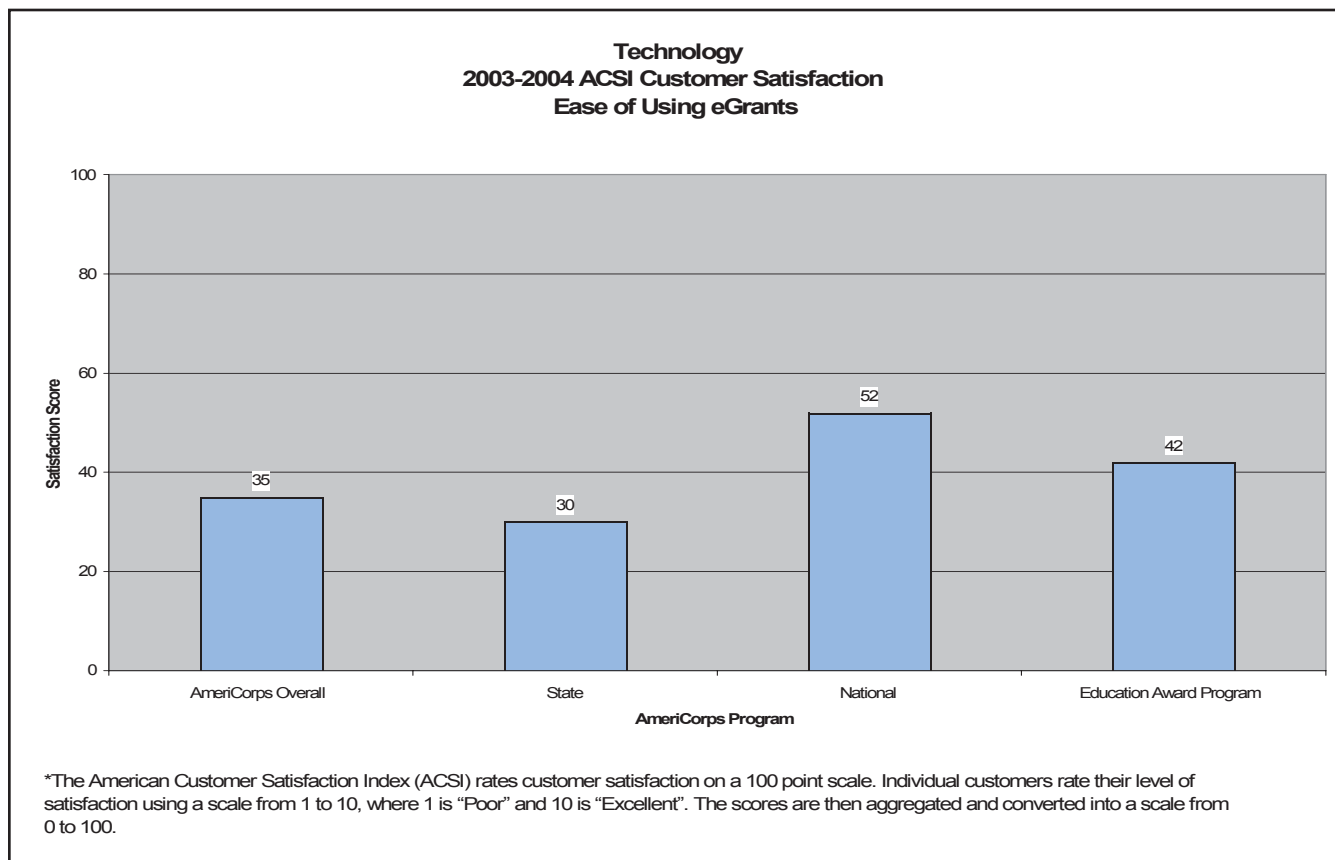
Source: Early results from the National Performance Benchmarking Project, conducted by the Urban Institute and the Office of Research and Policy Development in FY 2004.

**AmeriCorps*State and National 2003-2004 ACSI Customer Satisfaction:
Components of Customer Service**

	AmeriCorps Overall	AmeriCorps State	AmeriCorps National	AmeriCorps EAP
Transparency of funding decision process	40	35	56	61
Timeliness of being notified of funding decision decisions	50	41	62	66
Quality of assistance AmeriCorps staff provides	78	71	86	92
AmeriCorps' ability to articulate a vision for National and Community Service	59	52	68	75
Consistency of information about Corporate programs and policies	54	47	66	68
Helping to foster new partnerships with other organizations	42	31	56	67

Source: Early results from the National Performance Benchmarking Project, conducted by the Urban Institute and the Office of Research and Policy Development in FY 2004.

Also in FY 2004, recognizing the need to continue to make effective use of technology to meet customers' needs, while enabling effective grant management and monitoring, the Corporation continued to make improvements to its eGrants system, the agency's central system for tracking and managing its grants.



Source: Early results from the National Performance Benchmarking Project, conducted by the Urban Institute and the Office of Research and Policy Development in FY 2004.

However, data from the same National Performance Benchmarking AmeriCorps survey indicated that much more must be done. In FY 2005, the Corporation will implement further improvements to the eGrants system, based on the feedback of the grantees and the needs of agency grant managers.

The Corporation also is developing plans to implement a Customer Relationship Management System. This system will help to support a "one-stop" approach to customer service, reduce the need to refer customers to other staff and provide the information the staff need to help solve customer problems quickly and correctly.

Strategy 4.4: Build a diverse, energized, high-performing workforce.

In FY 2003, our Inspector General and the Office of Personnel Management issued highly critical reports on the Corporation's human capital program. These reports, augmented by suggestions from Corporation employees, led us to reassess nearly all of the agency's human capital programs and to identify human capital development as a key Corporation management goal. To help assess the agency's progress in meeting this goal, the agency identified the following performance measures in FY 2004 and will report on these measures as data becomes available:

Corporation-Wide Indicators

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of employees reporting high overall job satisfaction <i>Source: Federal Human Capital Survey; initially conducted in October 2004</i>	N/A
Percent of employees rating "fully successful" or higher on annual performance appraisals <i>Source: Office of Human Capital's performance records system; initial results of the more performance-based appraisal system for supervisors available in January 2005</i>	N/A
Percent of managers from under-represented groups <i>Source: Office of Human Capital's staffing database</i>	N/A
Percent of annual performance targets met or exceeded <i>Source: to be determined</i>	N/A

During FY 2004, the Corporation moved forward in implementing three key strategies to build the agency's human capital. These strategies focused on:

- Implementing a comprehensive strategic workforce plan;
- Ensuring a fair, performance-based appraisal system; and
- Identifying and responding to employee needs

In FY 2004, the agency developed a preliminary Strategic Human

Capital Plan that is designed to advance workforce planning, encourage a results-driven, performance culture and open-up communication and decision-making. Under this plan, the Corporation ended the predominant use of term appointments and is now implementing electronic, web-based recruitment and application systems. These changes are helping to increase the number of high-quality job applicants and significantly improve employee morale.

In the area of employee performance management, the Corporation implemented a new, five-level performance appraisal system for managers. This system holds managers accountable for results and distinguishes between levels of performance. Moreover, the Corporation more closely tied management's bonuses and pay adjustments to their performance.

To help its managers and staff to meet performance expectations, the Corporation also began to more systematically identify and attempt to meet its employees' needs. For example, the Corporation initiated a survey of employees based on the government-wide survey developed by the Office of Personnel Management (OPM). Moreover, the agency doubled its investment in employee training and promoted leadership development by encouraging all supervisors, managers and executives to participate in "360-degree" assessments by the individual's supervisors, peers and staff.

(Further details of the agency's FY 2004 human capital accomplishments are provided in the Human Capital section of the President's Management Agenda discussion.)

President's Management Agenda

In order to ensure accountability for performance and results, the Administration identified the following five government-wide areas for improvement: the strategic management of human capital, improved financial performance, competitive sourcing, expanded use of electronic government, and the integration of budget and performance information. The Administration also identified several additional areas for targeted improvement specific to those agencies with certain types of programs, such as loan or grant programs. As a grant-making agency, the Corporation works to meet not only the five government-wide objectives, but also to reduce barriers to the participation of faith-based and other community organizations in Federal grant programs.

The President's Management Council defined specific standards for success in each area, in consultation with experts throughout government and academe, and established a rating system to measure agencies' progress in meeting these standards—green for success, yellow for mixed results and red for unsatisfactory. This system includes two ratings—one to assess the agency's management operations, the "status" rating, and one to assess the agency's progress in implementing improvement plans, the "progress" rating. These two ratings use the following scale:

- Status rating—To receive a green status rating (**G**), the agency must meet all of the standards for success, representing the highest operational characteristics; a yellow rating (**Y**) requires the agency to meet all the success standards representing transitional operational characteristics; while a red rating (**R**) applies to performance that fails to meet any one of the yellow standards.
- Progress rating—For the progress rating, green (**G**) means the agency's implementation of improvement plans is proceeding on schedule; a yellow rating (**Y**) means that some slippage or other problems are inhibiting the agency's planned achievement of the success standards; while a red rating (**R**) indicates the initiative is in serious jeopardy and is unlikely to realize its objectives without significant management intervention.

Further information on the President's Management Agenda (PMA) and its rating system is available at <http://www.results.gov/agenda/scorecard.html>.

Although the Corporation is not required to meet the specific requirements of the President's Management Agenda due to its status as a small, government-sponsored corporation, the agency has adopted the PMA as a guide to help focus the agency's management improvement efforts. A summary of the Corporation's self-assessments against these standards and the actions taken and planned for each of these issue areas follows.

Corporation Rating Summary

Corporation Rating Summary

	Status	Progress
Human Capital	R	G
Financial Management	Y	G
Competitive Sourcing	Y	G
Expanding E-Government	R	G
Budget and Performance Integration	R	G
Faith-based and Community Initiative	G	G
<i>Overall Agency Rating</i>	R	G

Strategic Management of Human Capital

The Corporation recently reassessed nearly all of its Human Capital Plan, modeled on the Office of Personnel Management's (OPM's) Human Capital Standards for Success. This plan, which reflects discussions with employees, managers, and Administration officials, is helping the Corporation to:

- Align all staff performance toward achieving the Corporation's mission and strategic goals;
- Plan for and deploy the resources necessary to achieve those goals;
- Ensure Corporation leaders effectively manage people and cultivate a climate of continuous learning and organizational improvement;
- Leverage features of the Alternative Personnel System and the General Schedule system to attract, acquire and retain quality employees;
- Promote a diverse, results-oriented, high-performing workforce;
- Differentiate between high and low performance and link individual/team/unit performance to organizational goals; and
- Assure accountability to Administration goals, laws, regulations, merit principles, the public interest and the highest standards of ethics and integrity.

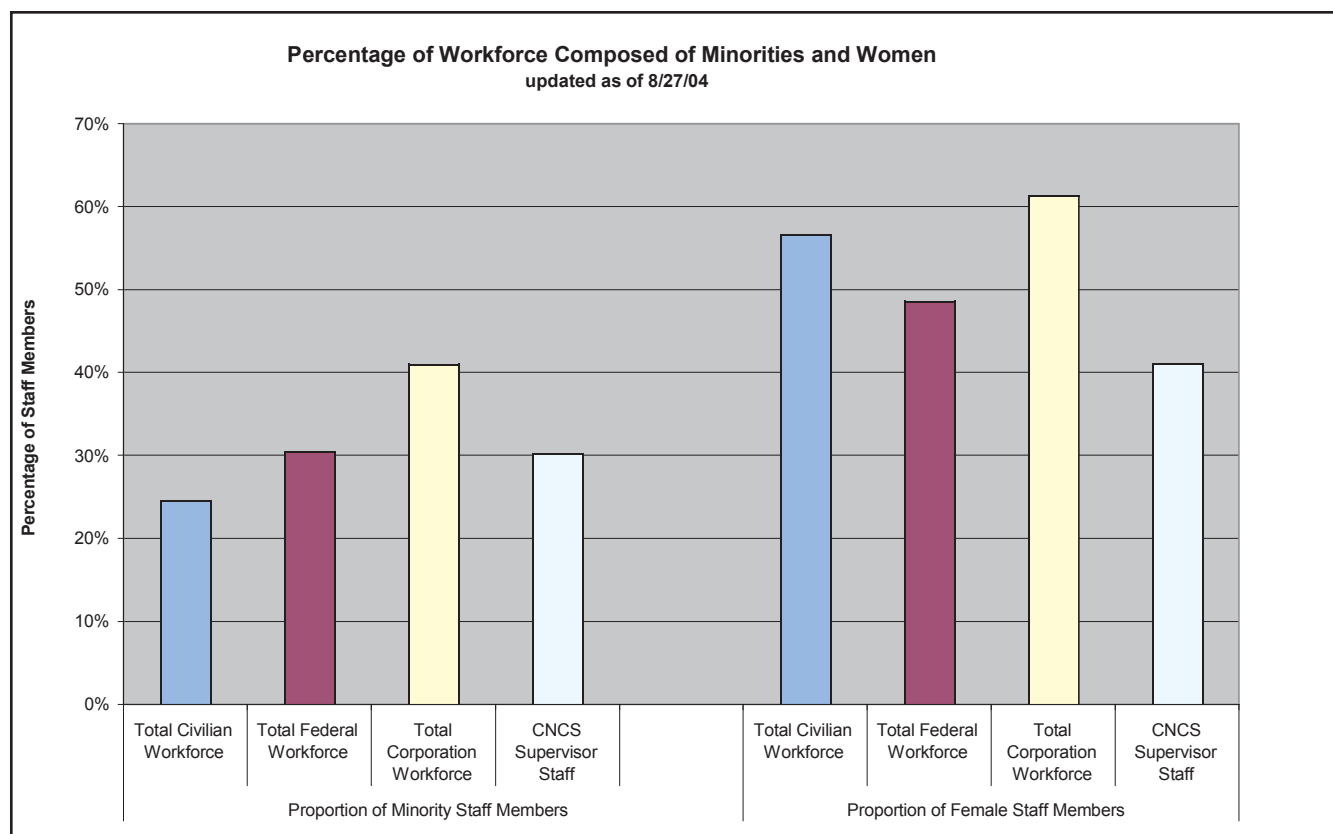
The Corporation is committed to building a diverse, energized high-performing workforce. Working against our preliminary Strategic Human Capital Plan, the agency implemented major human capital reforms in FY 2004. For example, the Corporation:

- Reformed the long-time practice of using term appointments for on-going positions to instead use permanent appointments, thus increasing the number of high-quality job applicants and significantly improving employee morale;
- Tightened the criteria used to determine bonuses and pay adjustments and implemented a rigorous new managerial appraisal system, thus more closely tying pay to performance;
- Doubled the agency's investment in employee training;
- Promoted leadership development by encouraging all supervisors, managers and executives to participate in "360-degree" assessments and to use the results of these assessments to prepare Individual Development Plans;
- Established a Diversity Advisory Council to focus attention on the Corporation's commitment to diversity and inclusiveness;

- Improved employee communication by initiating a biweekly newsletter and holding regular "all-staff" meetings on important human capital issues;
- Reinforced the centrality of our programs and strengthened program management, by establishing a new Chief Operating Officer with broad responsibility for enhancing and integrating all program operations;
- Developed initial operational, output, and outcome metrics to better assess the agency's progress and to support more informed decision-making;
- Implemented the Federal Human Capital Survey to help identify employee concerns, particularly with regard to equitable treatment of employees; and
- Received the Excellence in Government Ethics award for our comprehensive and highly effective ethics program.

Although enormous progress was made in FY 2004, the Corporation recognizes that building a diverse, energized, high-performing workforce requires a long-term investment of time and resources. For example, although the Corporation's minority and female representation compares favorably with that of other agencies, the agency must continue to develop more effective approaches to recruit and retain highly qualified minorities and women, particularly in senior management positions.

To ensure the Corporation's ongoing progress, the agency will



Source: Corporation Staffing Database and OPM

update and refine its Strategic Human Capital Plan in FY 2005, reassessing our progress, strengthening the measures used to determine our success and identifying further steps to achieve a high-performing workforce. Among other initiatives, our new Strategic Plan will call for:

- Implementing a rigorous new appraisal system for non-supervisory employees in FY 2005;
- Developing and testing a Workforce Planning Model, which eventually will be applied to all Corporation units and occupations;
- Implementing a strategic approach to the use of training resources to ensure that such resources help to address skills gaps and leadership succession;
- Streamlining staffing processes to identify the right people for the right jobs more quickly and efficiently; and
- Developing a certification program for the agency's grants managers to further "professionalize" this function.

Based on the tremendous progress made in FY 2004 and the agency's commitment to meeting its human capital challenges, the Corporation will, over the coming years, become a "model" of human capital management.

President's Management Agenda: Strategic Management of Human Capital Rating

Criteria	Status	Progress	Progress	Plans
Developed and operated against a comprehensive human capital plan	Y	G	Based on OPM's Human Capital Standards for Success, developed, documented and communicated to all staff a preliminary Strategic Human Capital Plan that ensures agency's human capital policies and practices support the agency's mission	Update and finalize the Strategic Human Capital Plan in FY 2005, focusing on strengthening measurement
Organizational structure analyzed and optimized; process in place to address future organizational changes	Y	G	Analyzed and optimizing existing organization structures from a service delivery perspective, using redeployment and de-layering	Ongoing Business Process Reviews will form basis for continuing organizational optimization
Managers assure that a continuously updated talent pool is in place for current and future succession	R	G	Launched reform program to assess the developmental needs of current supervisors	Assess alternative approaches to succession planning and implement further expansion of staff training in FY 2005
Performance appraisal plans link, differentiate, and provide consequences for SES, managers and at least 60% of the rest of the agency	Y	G	Implemented new, performance appraisal system for <i>all</i> managers in FY 2004 that ties to agency goals, differentiates performance and incorporates incentives	Similar results-oriented plan to be implemented for all employees in FY 2005
Reduced under-representation and established a process to sustain diversity	Y	G	Established Diversity Advisory Council and a new Director of Civil Rights and Inclusiveness position to ensure management attention to issues of under-representation	Increase minority representation in senior positions through proactive recruitment and development programs
Sustained a significant decrease in mission critical skill gaps	R	G	Identified resources and launched ambitious multi-year workforce planning initiative	Implement and test a workforce planning model to, over time, apply to all Corporation units
Developed and used an accountability system to make decisions	R	G	Identified initial metrics for operations through outcomes; participating in Federal Human Capital Survey	Inform decision-making with Federal Human Capital Survey metrics, as data is available

Improved Financial Management

In FY 2004, the Corporation continued to build on its recent improvements in financial management, receiving an unqualified opinion on its financial statements for the fifth year in a row. The Corporation also performed well against its own internal goals and provides initial information for FY 2004 for the government-wide metrics that were recently established by OMB. In FY 2005, when comparable data is available for other Federal agencies, the Corporation will be better able to assess its performance against these metrics.

The FY 2004 financial statement audit identified one reportable condition associated with the Corporation's grants monitoring and management. Eliminating this reportable condition will be a major focus of management's attention in FY 2005.

Government-Wide and Corporation Financial Management Performance Metrics

Performance Measures	FY 2003	FY 2004	
	Results	Goal	Results
Government-wide: *			
Fund Balance with Treasury (absolute \$ difference between the fund balance reported in Treasury reports and the balance recorded in the Corporation's general ledger)	N/A	N/A	\$553,958
Suspense Clearing (timeliness of clearing and reconciling suspense accounts; absolute \$ greater than 60 days)	N/A	N/A	\$65,556
Delinquent Accounts Receivable from the Public	N/A	N/A	\$2,180,946
Number of Vendor Payments Made by Electronic Funds Transfer	N/A	N/A	3,016 (56%)
Non-Credit Card Invoices Paid on Time	N/A	N/A	4,152 (93%)
Interest Penalties Paid	N/A	N/A	\$9,754
Travel Card Delinquency Rates	N/A	N/A	1.9%
Purchase Card Delinquency Rates	N/A	N/A	3.5%
Corporation:			
Audit opinion on financial statements	Unqualified opinion	Unqualified opinion	Goal Met
Material weaknesses reported in financial statement audit	Maintained at zero	Maintained at zero	Goal Met
Operating status of a single grants management system that provides stewardship over federal funds in a cost-effective manner	All new grants awarded through system	All new grants awarded through system	Goal Met
Operating status of financial management system ("Momentum")	Maintained compliance with JFMIP standards	Upgrade to latest version, maintain compliance with JFMIP standards	Goal Met
Status of accounting subsystem in Momentum for procurement	N/A	Conduct review of module to assess costs and performance	Goal Met
Operating status of automated, internet-enabled personnel hiring system	N/A	Implement Quick Hire	Goal Met
Number of state commissions in compliance with the national state commission administrative standards **	N/A	N/A	N/A
Percentage of timely vendor payments	99%	99%	Goal Met (99%)
Timely reports to central agencies	100%	100%	Goal Met (100%)
Percentage of payroll by electronic transfer:			
Corporation Employee	100%	100%	Goal Met (100%)
VISTA Volunteers	78%	80%	Goal Met (90%)

*These measures were not tracked in FY 2003. Performance goals are under development.

**This performance indicator is being revised since the Corporation has changed its protocol for reviewing the performance of state commissions.

Grants Management and Monitoring

About \$644 million in grants were made by the Corporation in FY 2004, representing about 69 percent of the Corporation's overall funding. The proper management and monitoring of these grants are critical to accomplish the Corporation's goals.

Policies and Procedures

The Corporation recently formed the Office of Grants Policy and Operations to coordinate grant review policies and logistics across all programs. This office also helps to coordinate grants policies and procedures with other agencies by participating in the government-wide "grants.gov" initiative and the National Grants Management Association, as well as consulting with other Federal grant-making agencies. A steering committee, composed of representatives of each program, also participates in the development of Corporation-wide review policies and procedures. Senior managers from each program work together to establish direction and priorities for funding, based on statutory requirements, Board priorities, community needs and innovative approaches. The Corporation also is developing a grants management handbook to help ensure consistent policies and procedures across all Corporation programs. Moreover, all the Corporation's grants are managed through a single system, eGrants, thus ensuring consistency from the initial application process through application review, approval, award, monitoring and final closeout.

Program-specific policies are codified in the Notice of Funds Availability issued for each grant competition. However, the Corporation is working to establish more comprehensive and stable guidance for the AmeriCorps programs, and possibly the Learn and Serve America program, by developing regulations that will establish the selection criteria used for all competitions within each program. Rulemaking for all AmeriCorps competitions, based on extensive input from over 500 individuals during initial public discussions and over 250 people during the comment period,

will be completed in FY 2005. Rulemaking for the Learn and Serve America program will begin in FY 2005, again incorporating extensive input from the field.

Fair, Equitable and Efficient Grants Competitions

The Corporation continues to place an emphasis on the quality and consistency of its grant competitions. In FY 2004, the agency improved quality controls in the peer review process, including developing standard review worksheets for both Corporation staff and peer reviewers that reflect program-specific guidelines and selection criteria, as well as Corporation-wide grants policies and procedures. The Corporation also is implementing a training and certification program for grants managers that will help ensure grants are consistently reviewed and managed in accordance with the agency's and OMB's policies and statutory requirements.

Grants Monitoring Processes and Progress

Through the Corporation's headquarters and state offices, the Corporation monitors grants and provides training and technical assistance to grantees. Monitoring requirements differ slightly, depending on the program and the year of the grant. The Corporation is moving to a risk-based assessment to focus the agency's monitoring resources on the grantees and issues most likely to have problems. Monitoring includes several components—review and analysis of progress and expenditure reports, desk review of performance measures and financial systems, site visits, audit reviews and resolution and certification programs. The agency also conducts financial management seminars for grantees and provides one-on-one coaching and training of individual grantees, as needed. In addition, Corporation staff work with the OIG to conduct grantee audits, track recurring financial management issues, and publish common audit findings and solutions, so that all grantees can address shared problems. In FY 2005, the Corporation will develop its first agency-

Grants Management and Monitoring (cont'd)

wide oversight and monitoring plan and hire a Director of Award Oversight and Monitoring to help standardize policies and promote best practices.

Other Recent Improvements

"Grants.gov"

The Corporation actively participates in the "Grants.gov" initiative. Corporation staff work on "Grants.gov" teams, helping to establish government-wide grants processes. All Corporation funding notices are posted on "Grants.gov—find;" and the Corporation is on track with the planned schedule for expanded "Grants.gov—apply" participation, with the first full application currently under development.

Streamlining Processes

The Corporation implemented a number of management changes in FY 2004 designed to streamline the grant-making and funding processes for both the grantees and Corporation staff. These changes include enabling peer reviewers to complete most of their reviews prior to meeting at the Corporation and further improving the Corporation's electronic grants management system (eGrants). In addition, the Corporation participates in federal grant simplification activities underway in compliance with P.L. 106-107.

For FY 2004, the Corporation provides qualified assurance on its agency controls, pending resolution of compliance with the Federal Information Security Management Act (FISMA), as required by the Federal Managers' Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act (FFMIA). (A full discussion of the agency's FISMA compliance is provided in the section titled, "Statement of Assurance over Agency Financial System Controls.")

The agency continued to improve its financial management systems in FY 2004, building on its JFMIP-compliant core financial system (Momentum), by implementing a new salary management system and improving the agency's grants system. However, the Corporation needs to improve the quality of its grants performance data and further incorporate financial and performance information into decision-making throughout the agency. To help achieve these objectives, the agency plans in FY 2005 to: incorporate a procurement module into the core financial system (resources permitting); investigate performance-based budget development systems, and continue to develop a data warehouse that will integrate data, both financial and non-financial, from a number of other systems. (A more complete description and diagram of the Corporation's systems structure are included in the section titled, "Overall Control System.")

In FY 2004, the Corporation also continued to improve other aspects of its financial management. For example, the agency:

- Implemented AmeriCorps member position certification processes into the grant review and decision-making process to ensure AmeriCorps enrollments do not exceed the level that could be supported with available funds;
- Refined its cost accounting methodology to further break down costs within each of its major responsibility segments: AmeriCorps, National Senior Service Corps, and Learn and Serve America. This year the Corporation provided data on the major sub-programs for each responsibility segment. For example, the National Senior Service Corps expenses include separate information on the Foster Grandparent, Retired Senior Volunteer, and Senior Companion Programs;
- Reviewed the agency's programs against the criteria of the Improper Payments Act and concluded that no Corporation programs are susceptible to significant improper payments;
- Completed a "business process review" of the Corporation's National Service Trust operations, the VISTA and NCCC payroll system and procurement operations and identified potential process improvements that will increase operational efficiency; and

- Issued new policies for the administrative control of funds.

In addition to addressing outstanding FISMA and grants monitoring and management issues, the Corporation plans in FY 2005 to further improve its financial management processes by:

- Automating the education award payment process that is currently paper-intensive, (which will likely yield significant operational cost savings) and
- Further enhancing the agency's cost accounting model and improving upon the system's capabilities to better link costs to program outcomes.

The Corporation's senior managers also will continue to review all areas of the Corporation's operations to achieve greater accountability and efficiency in the agency and its programs. With this ongoing emphasis and the implementation of the agency's FY 2005 plans, the Corporation will not only continue receiving a clean opinion on its financial statements, but also will further integrate financial information into decision-making throughout the agency.

President's Management Agenda: Improved Financial Management Rating

Criteria	Status	Progress	Progress	Plans
Audit opinion on annual statements are clean	G	G	Received unqualified audit opinion for fifth straight year	Improve grants monitoring to eliminate agency's only reportable condition
Meets financial reporting deadlines	G	G	Met all FY 2004 reporting deadlines, including for reports to Congress and the President	Continue to improve financial reporting to provide support for management decision-making
FFMIA compliance	Y	G	Provides qualified assurance on its agency controls, pending resolution of FISMA compliance issue	Complete systems test and evaluation using auditor-preferred tool by 1/05; continue to assess internal controls to ensure compliance
Accurate financial information is on demand and is used day-to-day	Y	G	Agency's JFMIP-compliant systems produce accurate financial information, as needed by agency managers	Incorporate procurement module; improve availability and quality of grants performance data; integrate data into data warehouse; ensure regular use of data by managers
No chronic or significant Anti-Deficiency Act violations	G	G	Fully resolved shortfall in the National Service Trust identified in FY 2002; GAO, OIG and the independent auditor concluded the agency is following sound business and accounting practices	Fully implement management reforms initiated over prior year and continue to assess policies and processes to improve management control and customer service
No material auditor-reported internal control weaknesses	Y	G	FISMA auditor's found the agency's overall control system to be in compliance with the Act, except for a single deficiency due to the lack of an adequate systems test and evaluation documentation and follow-up	Complete re-certification of agency systems by 1/05, resolving significant weakness; continue to assess control system to ensure full compliance.
No material weaknesses in FMFIA for Sections 2 (agency controls) and 4 (financial systems)	Y	G	See discussion of FISMA issue above.	Continue to assess internal controls to ensure full compliance.

Competitive Sourcing

Although the Corporation's size and current extensive use of contractor support make implementation of formalized Federal/contractor competitions inappropriate, the Corporation nonetheless fully supports the objectives of the competitive sourcing initiative in the President's Management Agenda (PMA). However, since the specific criteria cited for this initiative in the PMA relate primarily to aspects of the competitive sourcing process, the Corporation cannot rate its competitive sourcing performance within the specific PMA criteria. Instead, the agency assesses its

competitive sourcing performance on the extent of its use of contractors to support many of the agency's functions and the cost effectiveness of its internal operations.

Currently, Corporation contractors provide much of the agency's technology operations, including its Office of Information Technology's Help Desk, payroll processing, internet support, National Service Trust hotline, recruitment call center, and financial system operations and maintenance. In the program support area, the Corporation uses competitive contracting to obtain training and technical assistance providers to assist and support Corporation grantees. The Corporation has service agreements in place to provide assistance to grantees in a number of areas, including financial management, member development, technical assistance to state commissions, diversity training, and organizational development. These agreements cover all the agency's programs. This has allowed the Corporation to provide high quality training, targeted to customers' needs, at a reduced cost. Currently, about 24.5 percent of the Corporation's administrative expenses are for outsourced services. Going forward, the Corporation will continue to assess whether outsourcing of non-governmental functions can save money and provide high quality, effective services in other areas of the agency.

Expanded Use of Electronic Government

In FY 2004, the Corporation significantly improved its electronic support of both external and internal government processes by:

- Improving its eSPAN system (the agency's grants and member information system) based on suggestions from the user community and legislatively mandated requirements, including increasing the speed of applications processing and implementing more customer-friendly screens;
- Increasing information technology security by, for example, initiating a proactive security awareness program, conducting periodic network scans to identify vulnerabilities and mitigate their risk, and implementing effective configuration management of the Corporation's systems and assets;
- Exploring telecommuting technology alternatives, including providing remote computing hardware and biometric devices; and
- Working to redesign the agency's website to make the Corporation's programs and people more accessible to their customers.

The agency will build on these advances in FY 2005 through a

continued focus on meeting customers' needs. In particular, the Corporation will:

- Better support agency managers' decision-making through the ongoing development of a data warehouse;
- Further increase the speed of the application process and decrease the hardware requirements for grantees;
- Create a seamless pass-through of data from the AmeriCorps Recruitment System to the National Trust, thus decreasing the potential for data errors;
- Convert the Web-Based Reporting System (WBRS-the grant, project and member tracking and management system) into eSPAN, thus further expanding the systems capabilities and accuracy and decreasing costs by about \$650,000 per year;
- Update the agency's systems modernization blueprint and systems business cases to ensure information technology investments fully align with the agency's strategic plan;
- Improve re-use of data and XML to create greater operational efficiencies and support improved data exchange; and
- Develop plans for a customer relationship management system to support improved customer service agency-wide.

Moreover, as noted above, the Corporation will address the single security issue identified by the OIG in its FY 2004 systems audit. A re-certification of the agency's systems will be completed by January 2005.

President's Management Agenda: Expanded Use of Electronic Government Rating

Criteria	Status	Progress	Progress	Plans
Has modernization blueprint in place which focuses IT investments	R	G	Blueprint is out of date.	Continue working with senior staff to update blueprint in FY 2005
Has acceptable business cases for all major systems	G	G	Created business cases for all of our major systems	Update business cases and coordinate them with agency strategic plan
Cost/schedule/performance for adherence overruns and shortfalls less than 10%	G	G	Costs are within 10% of plans; plans need to be better integrated with the agency's strategic plan	Measure new projects in the broader context of the agency strategic plan
Operational systems are 90% secure, the Inspector General and quarterly reports verify security	Y	G	Conducted annual FISMA audits and financial audit; tracked and updated quarterly Plans of Actions and Milestones; no incidents reported under U.S. Cert.; conduct regular penetration testing	Continue implementing current systems security plans; update plans, as necessary
Participation and contributions are complete in 3 of 4 categories	G	G	Implementing eGrants per schedule; currently re-use data; planning integration using XML	Improve re-use of data and XML; continue planning customer relationship management system; continue CIO participation in GMJob project.

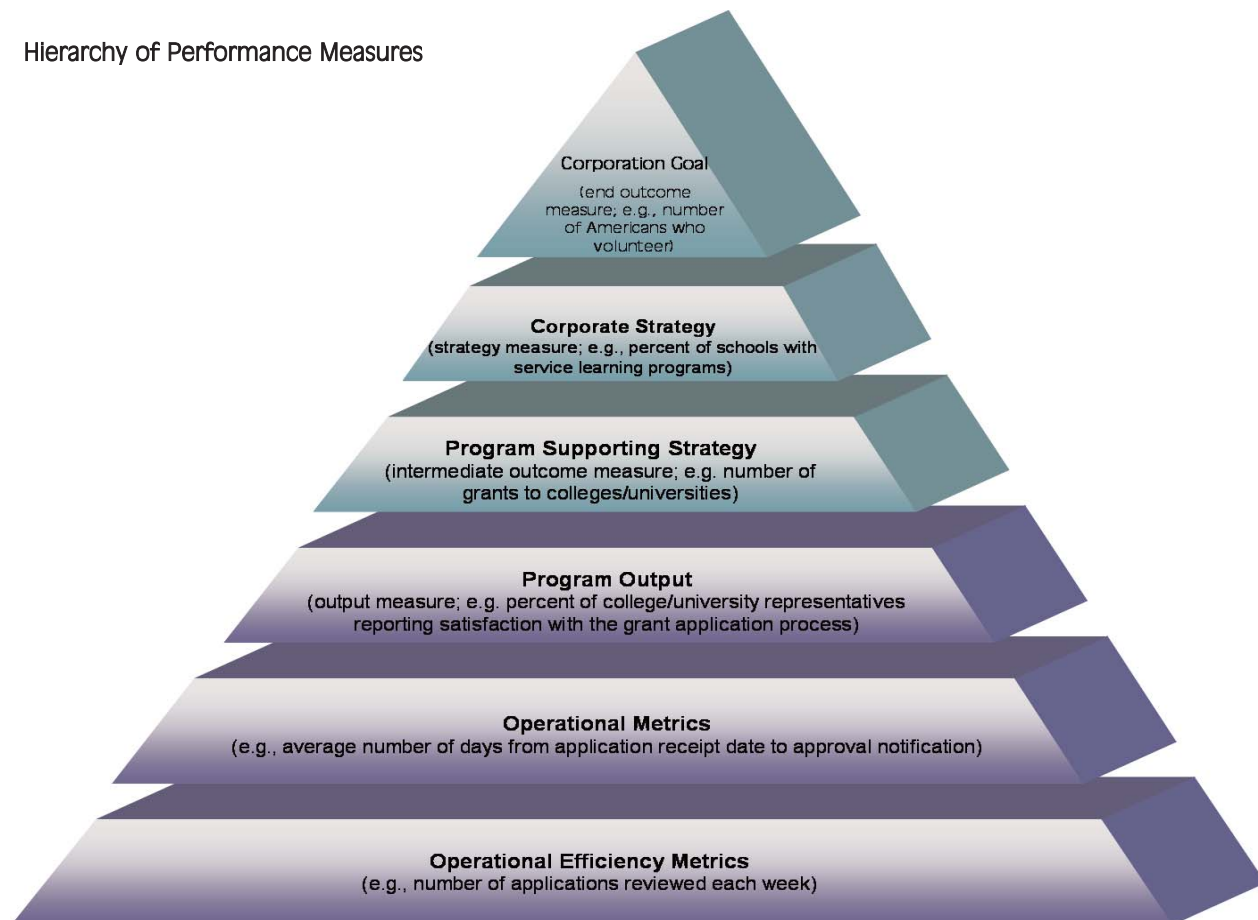
Integration of Budget and Performance Information

In FY 2004, the Corporation continued to implement an ambitious plan to fully integrate budget and performance throughout the agency in support of management decision-making. When fully implemented and fully integrated into all the agency's operations by FY 2010, this plan will enable the Corporation to meet all of the President's Management Agenda criteria for this initiative. The Corporation's tremendous progress in FY 2004 set the agency on a trajectory to meet this goal.

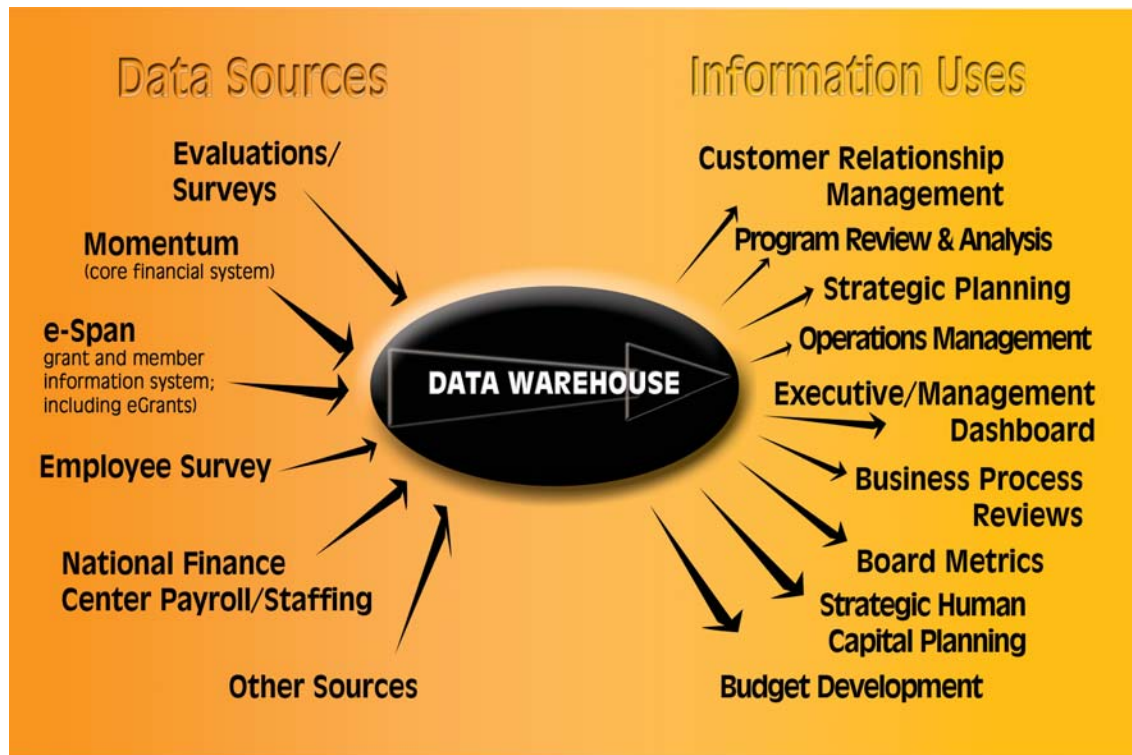
Since the key point in an agency's operation, where budget and performance information is most critical, is the budget development process, the Corporation focused considerable attention to restructuring this process to consciously and systematically take performance into account in making budgetary decisions and plans. The Corporation used a "logic model" approach in the development of the agency's FY 2006 budget request to OMB. This approach helps to align all of the agency's resources to effectively and efficiently achieve the Corporation's goals by providing a framework for defining the relationships between the desired agency/program results (end outcomes), and the inputs (both funding and staffing) necessary to achieve them.

The Corporation also focused on the development and integration into agency operations of relevant performance metrics. The Corporation identified an initial set of measures to assess Corporate, program and operational performance and to help identify needed management and programmatic changes. This hierarchy of performance metrics—from national outcome measures, such as the percent of Americans who volunteer, to operational measures, such as grant application cycle times—will continue to be developed and refined over the coming years. Once fully implemented, this hierarchy will enable the agency to more readily identify performance problems and trace the problem's "root cause" through the subsidiary performance metrics, thus more clearly identifying the management changes necessary to effect an improvement in performance.

Hierarchy of Performance Measures



To provide the data necessary to support these measurements and effective management analyses in a timely and accurate way, the Corporation began to develop a data warehouse in FY 2004. This data warehouse will incorporate data from a variety of sources, including, for example, data on grantees, financial data, performance data and service data. When fully implemented, the data warehouse will enable improved performance monitoring and better analysis of management issues, as managers identify performance problems and opportunities (see graphic below).



The Corporation also began developing a "management dashboard"—a selection of the most critical operational, output and outcome measures that assess key aspects of the agency's performance. As the first step in its development, the Corporation identified its operational objectives, taking into account the agency's mission, programmatic and management goals. Based on these operational objectives, the Corporation is identifying key metrics for continuous monitoring by agency management. The "dashboard" will be implemented initially in FY 2005 and will be refined in FY 2006.

In addition to these new FY 2004 Corporation initiatives, the agency continued to move forward in other aspects of budget-performance integration, including:

- Strengthening grantee performance measurement through AmeriCorps rulemaking;
- Reporting quarterly to the Board of Directors on key aspects of the agency's operations, such as grants awarded, member enrollments, costs incurred and program performance;
- Implementing performance surveys of our programs' end beneficiaries—the individuals and organizations, such as children mentored or grantees that benefit from our programs—through our National Performance Benchmarking Project;
- Conducting an agency self-assessment against the President's Management Agenda;

- Incorporating agency mission, goals and objectives into managers' performance plans and implementing a more performance-based system to evaluate managers' performance and eligibility for bonuses and pay adjustments; and
- Incorporating the agency's goals and performance measures into its FY 2005 operating plans.

To help the agency accomplish this ambitious agenda and coordinate the agency's many budget-performance integration initiatives, the Corporation recently established a cross-organizational performance metrics team. This team is responsible for coordinating all performance initiatives across the Corporation (e.g., the data warehouse, Board metrics, grantee performance measurement, strategic goals and indicators, dashboard metrics, performance surveys and evaluations) and ensuring that managers use performance information to improve their programs.

The Corporation recognizes the difficulties inherent in fully integrating budget and performance. However, by "jump-starting" this initiative based on best practices in the field and making budget-performance integration a key management objective, the Corporation will be able to steadily increase the effectiveness and efficiency of its programs and operations.

President's Management Agenda: Improved Financial Management Rating

Criteria	Status	Progress	Progress	Plans
Use of performance information for decision-making	Y	G	For selected programs and operations (e.g., AmeriCorps enrollment), managers regularly use performance and financial information for decision-making	Develop data warehouse to support decision-making at all levels; promote use of data in decision-making throughout agency
Plans contain limited number of goals; measures used are from the agency's PART	Y	G	Developed strategic budget plan with a limited number of goals and objectives, as well as corresponding outcome and output measures for most programs	Develop end beneficiary outcome measures w/ viable data collection methods
Performance appraisal systems are linked to agency mission, goals, and outcomes	Y	G	Performance appraisal plans for managers linked to agency mission, goals, and outcomes, and effectively differentiate levels of performance as FY 2004	Implement plans for non-supervisory staff that differentiate levels of performance and link to agency mission, goals and outcomes beginning in FY 2005
Agency can show full cost of achieving the performance goals and can accurately estimate the marginal cost of different levels of performance	R	Y	Full cost of programs is reported in financial statements; use of "logic model" approach to developing the agency's FY 2006, helped identify the full cost, including all corresponding support services, necessary to achieve programmatic results	Develop improved methodologies to readily and more accurately trace and allocate costs to performance goals; develop methodologies to estimate marginal costs of performance changes.
Agency has efficiency measure for all programs	R	G	All programs measure efficiency as cost per member/volunteer/participant service year/service hour; however, end outcome efficiency measures are dependent on the development of viable end beneficiary measures; agency is developing hierarchy of performance measures, including operational efficiency metrics	Develop viable end beneficiary measures and assess potential for efficiency measures of end beneficiary outcomes; continue implementing hierarchy of performance measures; conduct business process reviews to identify efficiency improvements
Agency used the PART to direct program improvements and to justify funding requests; less than 10% of programs receive "Results Not Demonstrated" rating	R	G	Only AmeriCorps*State & National program has been evaluated against the PART criteria; rating of "Results Not Demonstrated" and corresponding OMB recommendations guided management changes and outcome measure development	Re-evaluate AmeriCorps*State & National program in FY 2005; other programs to be self-evaluated by the agency in FY 2005

Faith-Based and Community Initiatives

Since the Corporation is an independent agency, not subject to OMB management agreement, the Corporation has not received formal standards for rating performance on this initiative. Therefore, the agency has completed a self-assessment based upon rigorous execution of the President's Executive Orders and other administrative guidance to date. The Corporation has proactively implemented the initiative through a task force comprised of representatives from all Corporation programs. The agency's faith-based and community initiative ensures that all program development, outreach, technical assistance, and base-

line research, including collecting relevant data, support the equitable participation of faith-based and community organizations in its programs.

In FY 2004, over \$70.5 million, or 13.9 percent of the Corporation's total program funding, was awarded to faith-based organizations. Other community organizations received about \$164 million in VISTA, Senior Corps and Learn and Serve America funding, representing about 47 percent of these programs' total funding.² As a result of the removal of barriers and strengthened outreach efforts across the Corporation's five primary programs, the number of faith-based and other community grantees, host sites, sponsors and stations is expected to continue to grow in FY 2005 and FY 2006. Part of this growth will be driven by the Next Generation grants that target small, innovative programs that have never before received Corporation funding.

Pursuant to the President's Executive Orders No. 13198, 13199 (January 29, 2001), 13279 (December 12, 2002) and 13331 (February 27, 2004), the Corporation modified many of its policies and practices to permit faith-based and other community-based organizations to participate more fully in its programs. These actions included:

- State commission outreach and training;
- Publication of AmeriCorps*State/National guidelines emphasizing use of members in capacity-building activities, such as managing volunteers and raising funds to support service activities with grassroots and faith-based organizations;
- Eliminating AmeriCorps*VISTA handbook provisions which had expressly discouraged "sectarian or religious symbols, decoration, or other sectarian identification;"
- Setting involvement of faith-based and other grassroots organizations as a priority for community partnerships engaged with school service-learning under the Learn and Serve America program guidance; and
- Using training and technical assistance as an outreach mechanism and a tool to provide faith- and community-based organizations with the skills and abilities necessary for them compete effectively for Corporation funding.

In FY 2004, model faith-based and other community organization projects included a 15-city replication of the successful program that provides mentors for children of inmates-the Amachi program-through volunteer resources provided by AmeriCorps*VISTA and Senior Corps, and companion initiatives

with the National Conference of Black Mayors and National Association of Blacks in Criminal Justice. In total, over 12,000 children of prisoners had been served in 278 AmeriCorps*VISTA and Senior Corps projects as of July 2004. In FY 2005-06, the Corporation's programs have set a goal of recruiting 25,000 new mentors for children of prisoners.

To further enable faith-based and other community organizations to participate in the Corporation's programs, the agency plans to:

- Further improve the collection and analysis of data on this initiative to monitor its impact and identify further areas for improvement; and
- Further expand outreach to better demonstrate how national service programs and their members can be a resource to faith-based and other community organizations, by improving the agency's web site and tool kit applications, broadening publicity for notices of funding opportunity and convening informational sessions at regional forums or gatherings of large organizations.

In FY 2005, the Corporation anticipates further success in eliminating barriers to faith-based and other community organizations' participation in its programs.

Program Assessment Rating Tool

The Program Assessment Rating Tool (PART) was developed by OMB to assess and improve program performance so the Federal government can achieve better results. A PART review highlights a program's strengths and weaknesses to inform funding and management decisions aimed at making the program more effective. The PART assesses all factors that affect and reflect program performance including: program purpose and design; performance measurement, evaluations and strategic planning; program management; and program results. Because the PART includes a consistent series of analytical questions, it allows programs to show improvements over time and allows comparison between similar programs.

The AmeriCorps*State and National Program was reviewed by OMB using the PART in FY 2002. OMB will re-evaluate the program in FY 2005. Other agency programs are not yet scheduled for review by OMB. However, the Corporation plans to conduct an internal PART assessment of all the agency's programs during FY 2005 to help identify ways to improve the programs, their operations and outcomes.

AmeriCorps*State and National

In FY 2002, the State and National program received an overall PART score of 36 (out of 100) and a rating of "Results Not Demonstrated." This overall score, which describes OMB's assessment in FY 2002, was composed of weighted scores for:

- Program purpose and design (12 out of 20): Although the program had a clear, specific and unique purpose (meeting community needs through intensive volunteer service), its accomplishments were difficult to measure and, at least at FY 2002 operating levels, relatively small compared to overall volunteering in America. In addition, the program's authorizing legislation would require changes to create a more optimal program design;
- Strategic planning (7 out of 10): The program lacked a limited number of specific long-term performance goals and annual performance goals. However, the program was coordinated at the state and local levels, as well as with other Federal programs. The agency conducted regular program evaluations and aligned the budget with program goals, as well as initiated more outcome-oriented strategic planning, including requiring grantees to report on program accomplishments;
- Program management (7 out of 20): Although grantees were required to evaluate their performance, outcome-oriented performance information was not collected on a regular basis, nor were grantees held accountable for their performance. Moreover, the program lacked the capacity to budget for full costs and did not fully use effective financial management practices. However, program operations (e.g., timely grantee funding, effective peer review) reflected good management practices; and
- Program results (10 out of 50): Although the program had reduced its average cost per member, demonstrable end-beneficiary results could not be shown.

The Corporation has taken a number of steps to address the deficiencies identified by OMB. The agency continues to develop more effective strategic planning, involving both long-term goals and annual performance goals. Extensive efforts to collect more data from beneficiaries, as well as to require more outcome-oriented reporting by grantees, also have been implemented. A focus on outcome performance measurement and management is beginning to influence the program's policies and operations. In addition, the Corporation has taken specific steps to address the OMB's PART recommendations:

- The Corporation established new financial management procedures, including properly recording education award obliga-

tions in the Trust and ensuring that the Corporation has timely and accurate information on AmeriCorps enrollments, in order to ensure that obligations stay within budgeted levels. GAO and OIG favorably reviewed the Corporation's management of the Trust. The agency is implementing GAO recommendations to further improve Trust data quality. In addition, the Corporation is integrating the Web-based Reporting System (WBRS) with eGrants, thus providing a single system for recording and tracking enrollments;

- State and National is continuing to strengthen existing performance measures and develop more outcome-oriented annual and long-term performance measures. The AmeriCorps performance measurement survey results are currently being analyzed and will provide baseline performance data for FY 2004;
- State and National also is developing better and more reliable methodologies to quantify the results of the members' efforts to recruit additional volunteers for the program/project, including requiring grantees to submit at least one performance measure addressing volunteer leveraging and management (e.g., the ratio of volunteers to members); and
- The agency also developed methods to disaggregate national performance data and report information on program performance for states and grantees, making the presentation of the data more transparent and meaningful.

Moreover, the Corporation is implementing a number of other management reforms to improve the State and National program's performance, including:

- Implementing an integrated program management system that will result in much more comprehensive, efficient and accurate information being available;
- Reorganizing the program's internal management structure to improve business process, promote better customer service and increase program effectiveness and efficiency;
- Requiring grantees to continue to refine their performance measures to ensure adequate information on the program's ultimate outcomes; and
- Increasing the competitiveness of applicants through expanded outreach, new competitive processes and refined selection criteria.

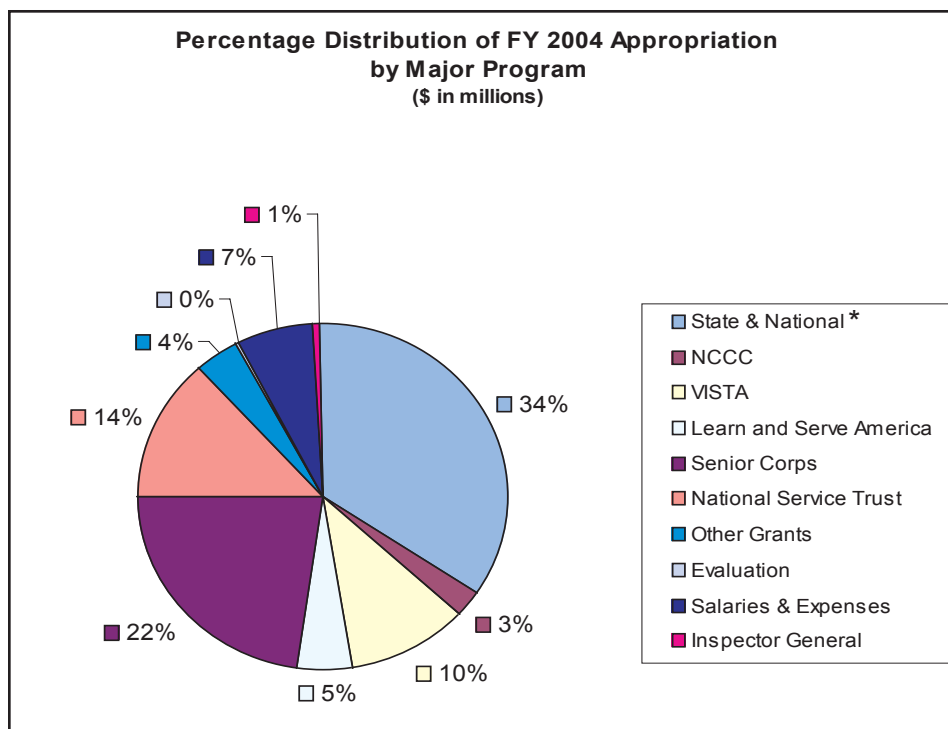
Although the Corporation has made significant progress toward restructuring and improving the State and National program, the agency recognizes the need to fully implement these initiatives and continue to assess the program's progress to identify further necessary changes. With continued management focus on creating an outcome-oriented program structure and operations, the

State and National program's PART score will improve significantly.

Analysis of Budgetary Expenditures, Financial Condition and Financial Statements

Analysis of Appropriations and Budgetary Expenditures

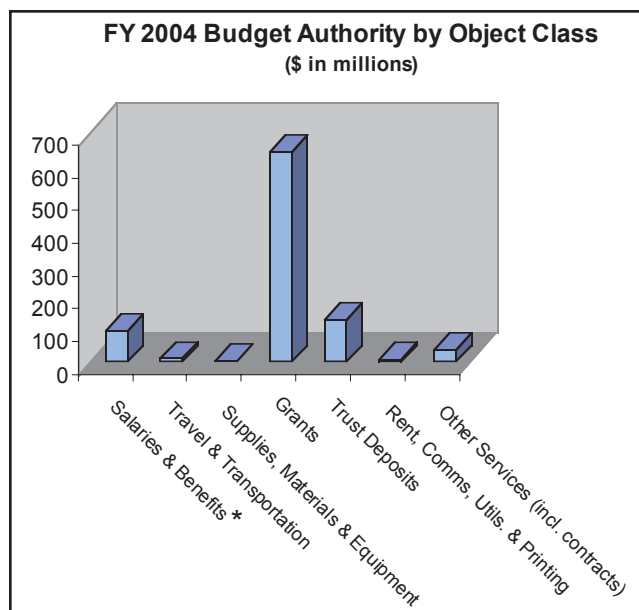
The Corporation's budget is comprised of appropriations under the National and Community Service Act (NCSA) and the Domestic Volunteer Service Act (DVSA). In FY 2004, the agency received \$550 million under NCSA and \$354 million under DVSA, for a total appropriation of \$935 million. This compares with a total appropriation of \$786 million in FY 2003.



*State & National includes State Commission Administrative Grants; Other Grants includes Innovation, Demonstration and Assistance, Partnership Grants and Special Volunteer Programs; Salaries and Expenses includes only Corporation staff salaries and expenses

Analysis of Financial Condition

The National Service Trust maintains balances to pay members the education awards and interest forbearance on qualified student loans they earned through the AmeriCorps programs. Members may use their awards anytime up to seven years following their service completion. However, some awarded positions may not be filled, some enrolled members may not complete full-time service and some members may not use the education awards they earned. Until recently, the Corporation obligated funds based on historical program experience and did not maintain adequate control over the awarding of positions and enrollment of members.



*Salaries & Benefits includes salaries (stipends) and benefits for Corporation staff, and NCCC and VISTA members

Following the shortfall in the National Service

Trust identified in FY 2002, the Corporation took corrective actions to ensure the ongoing solvency of the National Service Trust. These actions included significant changes in how the Corporation manages the award of positions, estimates future education award payments and records Trust obligations. In estimating future liabilities and calculating Trust obligation requirements, the Corporation now uses more conservative assumptions for the rates at which education awards are earned and used than would be estimated based on historical data.

Comparison of Historical and Conservative Trust Funding Assumptions

Assumption	Historically-Based Rate	Conservative Rate
Enrollment Rate (% of awarded positions that are filled by enrolled members)	84%	100%
Earning Rate (% of enrolled members who earn an award)	77%	80%
Award Usage Rate (% of earned awards that are used [i.e. redeemed])	79%	80%

The more conservative assumptions mean that annual Trust obligations exceed by about \$10 million the liability calculated using the experiential (historically-based) rates. In addition, the Corporation has so far set-aside almost \$20 million in the Trust as a reserve, as mandated in the Strengthen AmeriCorps Program Act, in the event that actual award payments exceed estimated future obligations, even using the more conservative projection assumptions. These two risk-offsetting actions result in a very high probability of the Trust's balances being sufficient to cover actual future liabilities. However, the Corporation also is working to improve its projected liability analyses by taking other economic and social factors into account, thus refining the projections and better enabling the Corporation to assess likely risks. (For more information on the Trust, see the The National Service Trust chapter in the Program Performance Section as well as Appendix D: National Service Trust—Financial Statements and Key Financial Factors.)

Analysis of Financial Statements

The Corporation's financial statements, prepared in accordance with the Government Corporation Control Act, as amended by § 306 of the Chief Financial Officers Act, present comparative information for FY 2004 and 2003. For the fifth year in a row,

the Corporation's audited financial statements received an unqualified opinion. This opinion recognizes the financial statements as fairly presented, in all material respects, and in conformity with generally accepted accounting principles.

Corporation Assets

The Corporation's primary assets are Fund Balance with Treasury, Trust Investments and Related Receivables, and Advances to Others. The Fund Balance with Treasury represents annual, multi-year, and no-year funds that are available to pay current and future commitments. Trust Investments, which are maintained in the National Service Trust, are restricted for use in paying education awards, interest forbearance, and President's Freedom Scholarships to eligible participants, and are not available for use in the current operations of the Corporation. Advances to Others mainly represent funds provided to grantees in advance of their performance under a grant. For the most part, these advances are liquidated during the first quarter of the subsequent fiscal year.

Fund Balance with Treasury increased by about \$111 million from \$743 million as of September 30, 2003, to \$854 million as of September 30, 2004. The additional funds are mainly for grants, most of which were awarded in the fourth quarter of FY 2004 and will be expended during FY 2005. During the same time period, Trust Investments and Related Receivables showed an increase of \$106 million due to increased funding, including the receipt of a deficiency appropriation of \$63 million for obligations incurred in 2002 and earlier program years. Advances to others increased by \$17 million from \$49 million as of September 30, 2003 to \$66 million as of September 30, 2004. The increase is the result of increased AmeriCorps grant appropriations and grant awards being issued later in the fiscal year, thus increasing grant advances, plus the grantees' increased use of the automated HHS grants advance process.

Corporation Liabilities

The Corporation's most significant liabilities are the Trust Service Award Liability and Grants Payable. The Trust Service Award Liability represents the estimated total value of education awards that will be paid to all members who were enrolled and served at least 15 percent of their service term as of September 30, 2004, adjusted to reflect the award earning and usage rates. Grants Payable represents funds due to grantees in payment of their performance under a grant.

The Trust Service Award Liability as of September 30, 2004, increased by \$6.9 million from the net service award liability as

of September 30, 2003. This change was largely due to increased grant awards and corresponding projected education awards, offset by a somewhat smaller increase in the value of education awards used. Grants Payable remained relatively stable, with an increase of only \$451,000.

Management Controls, Systems and Compliance with Legal and Regulatory Requirements

This section of the report provides information on the Corporation's compliance with the:

- Government Corporation Control Act;
- Federal Managers' Financial Integrity Act;
- Federal Information Security Management Act;
- Federal Financial Management Improvement Act; and
- Improper Payments Information Act.

The Corporation is subject to the reporting requirements of the Government Corporation Control Act (31 U.S.C. 9106). Under these requirements, the Corporation provides a statement on its internal accounting and administrative controls consistent with the Federal Managers' Financial Integrity Act (FMFIA). This Act requires that agencies establish management controls and financial systems to provide reasonable assurance that the integrity of Federal programs and operations is protected. Furthermore, it requires that the head of the agency provide an annual assurance statement on whether the agency has met these requirements and whether any material weaknesses exist. The Corporation's Chief Executive Officer's FY 2004 annual assurance statement is included in his message at the beginning of this report as well as in the discussion below.

Overall Control System

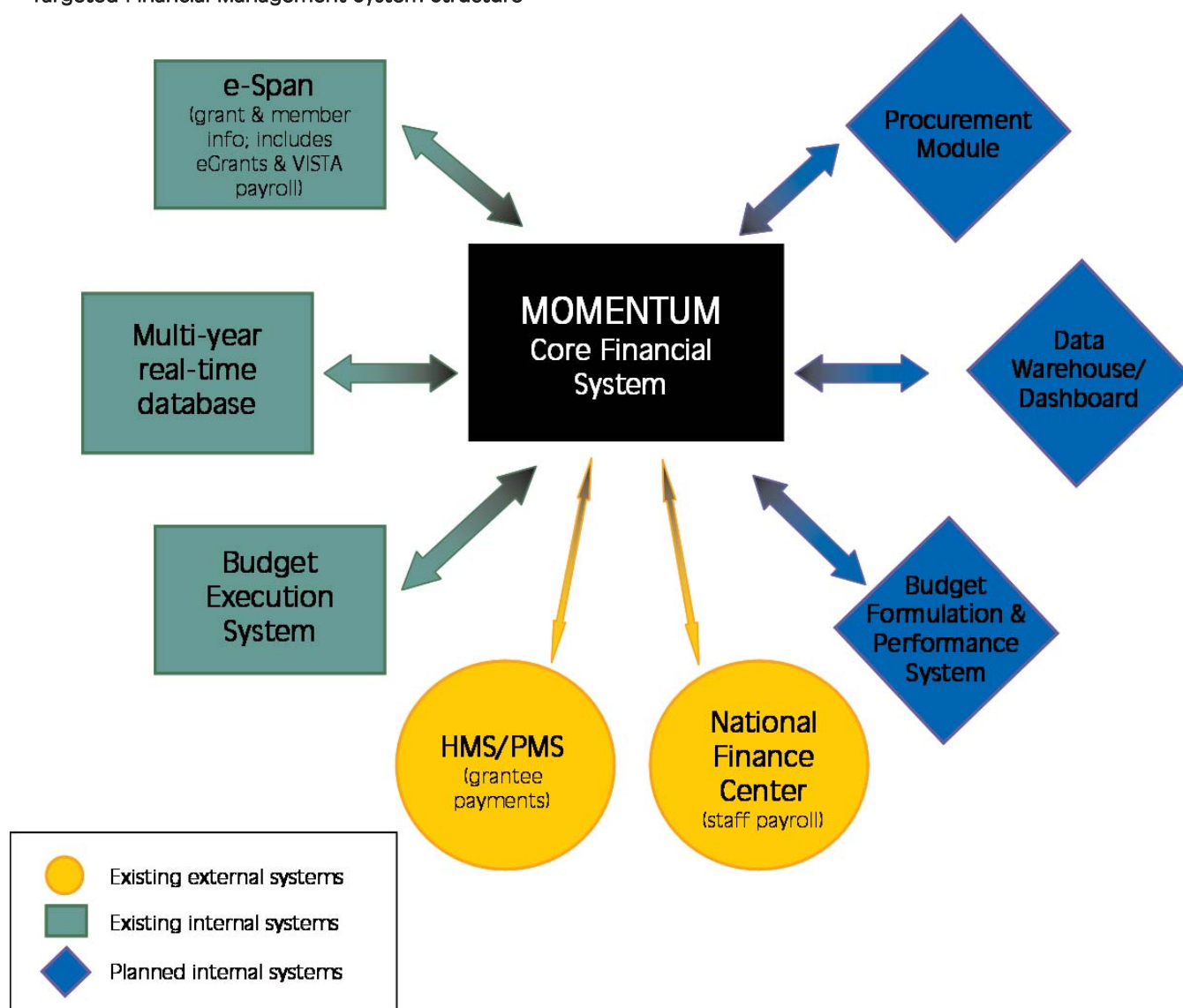
The Corporation's management controls review found the agency's overall control system to be in compliance with the Act. A single deficiency, identified by the auditor, relates to the adequacy of documentation and follow-up of its major systems security assessment. However, the Corporation disagrees with this citation as a significant weakness and has requested that OMB review the auditor's finding. (A detailed description of this issue is provided below under Statement of Assurance over Agency Financial System Controls.) Nonetheless, the Corporation is conducting a certification and accreditation of its systems, to be com-

pleted by January 2005, which will address the auditor's finding.

The Corporation is committed to management excellence and recognizes the importance of strong financial systems and internal controls to ensure accountability, integrity, and reliability. Management, administrative, and financial system controls have been developed to ensure the following:

- Programs and operations achieve their intended results effectively and efficiently;
- Resources are used in accordance with the Corporation's mission;
- Programs and resources are protected from waste, fraud, and mismanagement;
- Applicable laws and regulations are followed; and
- Reliable, complete, and timely data are maintained and used for decision making at all levels.

Targeted Financial Management System Structure



The Corporation's financial systems and control infrastructure is anchored by the Momentum Financial Management System, which is the core financial system at the agency. Momentum is updated with current transactions on a real-time basis. The system also features many automated controls that maintain budgetary integrity, assure no single individual can issue an unauthorized payment, and nearly eliminate the possibility of duplicate payments. The system also maintains a fully retrievable multi-year database, which is accessed using reports to produce trial balance, financial statement and ad-hoc management reports.

The core financial system is interfaced with eSPAN (the grant and member information management system). The eSPAN system also includes eGrants (the agency's internal grant award management system) and the VISTA payroll system. The agency's e-SPAN system further interfaces with the Web-Based Reporting System (WBRs)-the grantee reporting system; WBRs currently is being integrated into eSPAN. In addition, the core financial system is interfaced with payment systems at other agencies:

- Health and Human Services/Program Management Support (HMS/PMS-the external system that administers our grant payments and grantee expenditure reports) and
- U.S. Department of Agriculture/National Finance Center (the processing system for Corporation staff payroll).

The Corporation implemented a pilot Salary Management System in FY 2004 and plans to integrate a procurement module and a budget formulation and performance management system with the core financial system. The agency also is developing a performance management data warehouse that will integrate data from many agency systems. These systems will interface with the core financial system. In the future, a Customer Relationship Management system also will be defined and implemented.

The controls built into eGrants assure that grant applications proceed through all required reviews and approvals and that established processing schedules are maintained. HHS/PMS provides continual external verification of the validity of our grant award authorizations and currently authorized grantees. In addition, the timing and amount of all grant payments are determined by electronic grantee requests. The payment activity to all grantees and their respective reported expenditures are electronically monitored and the financial activities of the larger grantees also are subject to independent audit under the Single Audit Act and

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Basis of FY 2004 Assessment

The Corporation's assessment of management controls is based on reviews and other assessments of Corporation operations, programs and grantees including:

- A written assessment of controls by Corporation managers;
- Independent validation of the managers' responses for selected Corporation units;
- Office of Inspector General (OIG) reports, including the annual financial statement audit and recent audits of portions of the Corporation's operations; and
- In-Progress Reviews (IPR) at NCCC campuses. (The IPR is a focused management control assessment that provides for a self-assessment by campus staff, followed by an independent review by headquarters staff. Review items include project management, corps member management, and fiscal controls. Following the on-site review, a written report is prepared and campus staff develops corrective action plans in response to IPR recommendations.)

In addition, management's knowledge of the Corporation's day-to-day operations plays an important role in ensuring that controls for the Corporation's programs and operations are in place and working as intended. These controls include the announcement of funds availability for grants, the receipt and evaluation of applications for financial assistance, and the negotiation and award of grants (including AmeriCorps member slots), contracts, and cooperative agreements. New procedures and certification systems also were implemented in FY 2003 and FY 2004 that ensure tight management control over the authorization of AmeriCorps member slots, correcting the problems experienced in FY 2002 involving a shortfall in the National Service Trust.

Management Control Program

The Corporation's management control program includes providing appropriate training to managers on the purpose of controls and how the Corporation develops, implements, assesses, corrects, and reports on controls. The management control program is conducted through a four-part process:

- A self-assessment of controls by Corporation managers using a structured questionnaire;
- An examination of all completed questionnaires by CFO staff and an on-site management control assessment to independent-

ly test selected areas determined to be the highest risk;

- The provision of feedback, including noting areas for improvement at locations reviewed; and
- The documentation of results for analysis and planning future reviews and improvement efforts.

Under the management control program's risk-based approach, certain areas of the Corporation's operations are tested annually (e.g., accounting, grants) and all others on a cyclical basis (at least once every three years). During FY 2004, the Corporation surveyed 15 operational areas and performed additional on-site verification testing at 7 of the 15 areas.

Statement of Assurance over Financial Reporting

The Corporation is responsible for assessing the effectiveness of its internal controls in achieving the following objectives: (1) reliability of financial reporting - transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in accordance with generally accepted accounting principles; (2) safeguarding of assets against loss from unauthorized acquisition, use, or disposition; and (3) compliance with applicable laws and regulations - transactions are executed in accordance with (a) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements and (b) any other laws and regulations or government-wide policies identified by OMB and Corporation management as being significant and for which compliance can be objectively measured and evaluated. Based on the Corporation's evaluation, controls in place on September 30, 2004, provided reasonable assurance that the foregoing objectives were met.

Statement of Assurance over Financial Systems

Under the Federal Financial Management Improvement Act (FFMIA) and OMB Circular No. A-127, Financial Management Systems, section 7, the Corporation is responsible for ensuring that management reporting is based on financial management systems that comply substantially with three requirements:

- Federal financial management system requirements;
- Applicable Federal accounting standards; and
- The U.S. Government Standard General Ledger at the transaction level.

With the successful operation of the Momentum financial management system, the Corporation continues to comply with FFMIA and OMB Circular A-127 requirements. FFMIA also

requires agency compliance with FISMA. The OIG reported a single deficiency in the agency's compliance with FISMA, based on the agency's documentation and follow-up of the systems assessment. (See discussion under Statement of Assurance over Agency Financial System Controls below.)

Statement of Assurance over Agency Controls

The Corporation is responsible for assessing the overall adequacy and effectiveness of its management controls to promote (1) effective and efficient operations; (2) reliable financial reporting; and (3) compliance with applicable laws and regulations. In deciding on the type of assurance to provide, the agency considers information from senior program and administrative officials and OIG. Management is precluded from concluding that the agency's internal control is effective (unqualified statement of assurance), if there are one or more material weaknesses.

The Corporation has maintained an outstanding record of compliance with all applicable laws and regulations governing its systems and provides qualified assurance that the agency's financial reporting and systems controls comply with the requirements of the FFMIA and FMFIA. In addition, as required by the Federal Information Security Management Act (FISMA), the Corporation performed a self-assessment of its major systems using the National Institute of Standards and Technology (NIST) ASSET tool in September 2003 and noted no significant issues. The OIG's auditor does not feel that proper follow-up and documentation was done as part of this effort; the Corporation disagrees with this as a significant deficiency. The Corporation referred this issue to OMB, as part of its FISMA submission, for OMB's resolution. Additionally, the Corporation completed its 2004 testing and evaluation of its major systems using the NIST ASSET tool again in September 2004 and expects to complete new Certification and Accreditation reports for all of its major systems by January 31, 2005, resolving the OIG finding.

OMB Circular 123, Management Accountability and Control, requires that matters identified as a significant deficiency by OIG in its FISMA report be included in this report as a material weakness. As a result, the Corporation is providing qualified assurance on its agency controls. Based on the Corporation's evaluation, except for the FISMA test and evaluation documentation and follow-up issue, the Corporation controls in place on September 30, 2004, provided reasonable assurance that the foregoing objectives were met.

Improper Payments

The Improper Payments Information Act (IPIA) requires the Corporation to identify and report on significant payment programs that are susceptible to improper payments. The Act defines improper payments as significant to a program if the amount of annual improper payments exceeds both 2.5 percent of total annual program payments and \$10 million. If an agency identifies that it has significant improper payments it must develop statistically valid estimates of improper payment rates and provide detailed information on its improper payment detection, tracking, mitigation, and recovery efforts.

The Corporation identified 13 payment programs, as defined by IPIA, and reviewed each of them to determine which, if any, were susceptible to significant improper payments. Only seven of the 13 programs made payments in FY 2003 that exceeded \$10 million.

The two largest Corporation payment programs are the Domestic Volunteer Service Act and National and Community Service Act grant programs. Together the annual payments for these programs amount to about 66 percent of all the Corporation's FY 2003 payments. As grant programs with payments administered by the Department of Health and Human Services Payment Management System (HHS/PMS), there are numerous internal and external controls making improper payments highly unlikely. For example awards go through multiple levels of review and approval before obligations are created and transmitted to HHS/PMS. These payments are all requested by authorized grantees and validated and disbursed by HHS/PMS. Moreover, the receipt and use of grant funds are monitored by the Corporation and in many cases also are subject to independent audits under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Based on the Corporation's analysis, no programs are susceptible to significant improper payments as defined under IPIA and, therefore, additional testing, analysis and reporting specific to improper payments were not performed. However, most of the Corporation's payment processes were reviewed as part of the Management Control Program discussed above.

Audit Results

The Corporation, for the fifth straight year, received an unqualified audit opinion, with only one reportable condition related to grants management. This reflects the agency's ongoing commitment to sound financial management.

Corporation Audit Results Since Inception

Corporation Audit Results Since Inception											
Type of Opinion	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Unqualified - All Financial Statements							✓	✓	✓	✓	✓
Unqualified Balance Sheet*					✓	✓					
Qualified Balance Sheet**				✓							
Statements Not Auditable	✓	✓	✓								

*The financial statements were fully auditable, the auditors issued an unqualified opinion on the Statement of Financial Position and disclaimed on the Statement of Operations and Statement of Cash Flows. **Only the Statement of Financial Position was auditable.

Status of Grants Management Reportable Condition

The Corporation remains concerned with the continuing reportable condition related to grants management cited in the FY 2004 audit. As an agency that spends most of its appropriations on grants, the Corporation continues to implement management reforms to ensure the agency's grant-making and monitoring operations provide for the accountable use of Federal funds. While the Corporation has made tremendous progress, further management improvements can help address the specific problems identified by the Inspector General. Some of the actions necessary to address these problems will require additional resources. However, many have and will be taken within current budget levels.

Corporation Management Control Issues*

Corporation Management Control Issues*							
Type of Weakness	1998	1999	2000	2001	2002	2003	2004
Material Weaknesses	8	5	1	0	0	0	0
Reportable Conditions	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total	10	7	3	1	1	1	1

* The source for fiscal 1998 and 1999 data is OIG briefing material provided to Congressional oversight committee staff. The source for fiscal 2000 through 2004 data is the annual OIG financial statement audit.

The audit report notes that while the Corporation's program offices have taken steps to implement the recommendations discussed in the prior year's internal control report, the Corporation's monitoring activities require further improvements in order to provide adequate controls over grantees' activities. Specifically, the audit noted that all the required monitoring visits for State Commissions and National Direct grantees did not occur. Additionally, the audit noted improvements that need to be made to the risk-assessment process in order to adequately document both the criteria used in assessing risk, as well as documenting the steps performed for reaching conclusions on risk rankings. In addition, although the number of site visits conducted by Senior Corps program officers increased to the point of having visited substantially all of its grantees, documentation was often inadequate with regard to the scope of testing and specific procedures performed by program officers in reaching their conclusions regarding the grantees visited.

The auditor's report made five recommendations, as follows, to improve the Corporation's monitoring of grantees:

- The Corporation's risk assessment should be based on consistently implemented criteria. The assessment should include the reasons justifying a risk rating and how the conclusion was reached. Documentation to support each risk assessment should be maintained to prevent the loss of institutional knowledge.
- After completion of the assessment tool, any further discussion by Corporation management, regarding the selection and prioritization of AmeriCorps*State grantees for monitoring visits should be adequately documented.
- The Corporation should prioritize monitoring visits based on a risk-based selection process, maintain a site visit travel schedule based on risk, and monitor progress made in completing these visits.
- The Corporation should develop monitoring policies to document what constitutes an acceptable, substantive review of grantees, in lieu of performing site visits. These activities include, but are not limited to, desk reviews, technical assistance, training, OIG reviews and audits, grantee audits, and other relevant monitoring activities performed by grant managers, program offices, the OIG, and external contractors.
- The Corporation should improve coordination between grant managers, program offices, and the OIG. The Corporation has created a new position of Director of Grants Oversight and Monitoring, which should be filled as soon as possible. The Director of Grants Oversight and Monitoring should establish consistent policies and procedures across Corporation programs and coordinate all monitoring efforts.

The Corporation will implement the OIG's recommendations. In addition, the Corporation established an Award Oversight and Monitoring Council comprised of senior staff. The Council's mission is to ensure that the Corporation exercises uniformly excellent financial, administrative and programmatic award oversight across its programs and supports awardees success through effective compliance monitoring, training and technical assistance. The initial tasks of the Council are to develop and approve a position description for the new Director of Oversight and Monitoring Position and develop the FY 2005 oversight and monitoring plan.

Further discussion of this finding, related auditor recommendations, and the agency's related progress and plans is provided in the section entitled, "Corporation Response to the Significant Management Challenges Identified by the Inspector General."